

# Human error appears likely cause of Tenerife air disaster

Dutch and American experts trying to reconstruct Sunday's Tenerife air disaster in which at least 562 died agreed that the KLM 747 began its take off run before the Pan Am had got off the runway, along which it was taxiing, but whether

the error was human or mechanical was not clear. The Dutch investigating team implied that Tenerife air traffic control was to blame. Officials admitted that the airport was not equipped with ground radar.

## Dutch and American inquiry teams sift wreckage

From Harry Debelius  
Santa Cruz de Tenerife,  
March 28

An international panel of experts threw some light here today on the worst air disaster in history, but have not yet explained exactly what went wrong.

The collision of two jumbo Boeing 747 jets at the Los Rodeos airport yesterday afternoon took 562 lives; and of the 72 survivors, six are in very serious condition in hospital. Incredibly, with the huge airliners reduced to little more than charred shreds, 15 people escaped with little or no injury.

One survivor, his head tinted with iodine, helped sift through the wreckage in search of the "black box", the flight data recorder of the Pan American jumbo of which he is the flight engineer. He is Mr John Cooper, of Camberley, Surrey. He refers to the collision with the KLM jumbo. [An Associated Press message from Santa Cruz, quoting airport sources, said the "black box" had been found].

While he worked with rescue crews on the debris-littered runway, experts discussed the accident at a news conference in a hotel. Señor Manuel de Prado, president of the International Air Transport Association, said there were two key points to be resolved: the frequency or frequencies on which the two pilots listened to airport control and the question of why the two aircraft were on a collision course.

Officials admitted that the airport is not equipped with ground radar. A KLM spokesman said this lack was an important consideration because it meant that the tower could not follow the movements of aircraft on the ground on a screen, but had to rely on physically seeing them.

While officials insisted that visibility yesterday at the time of the accident was not at a minimum, they did agree it was far from perfect and that it was misty and drizzling. The IATA president, however, maintained "there was an absolute possibility for a safe take-off."

Asked to comment on a local newspaper report which alleged that the captain of the Pan American 747, one of the injured survivors, had said he thought he was on an auxiliary airstrip rather than on the main runway, officials replied

that they did not have any personal knowledge of the captain's remark.

The circumstances of the accident suggest human failure at some point. Both airliners were ready for takeoff at about the same time. The KLM jet was given permission to proceed straight forward from the tarmac across a brief linking runway to reach the takeoff runway where it was allowed to turn left and go to the far end and make a 180 degree turn preparatory to takeoff.

The Pan American jet made the same manoeuvre, except that its pilot was apparently instructed to turn left off the main runway on to a diagonal one linking the takeoff area and the parallel taxiing runway. Both jets were apparently permitted to taxi slowly on the main runway towards their take-off positions because their great size and eight parked aircraft on the tarmac made it almost impossible for them to

make a sharp left turn from the tarmac directly on to the taxiing runway.

When the mist-shrouded Pan American jet was about to turn off the main runway into the diagonal, the KLM jumbo, already beginning to lift off, slammed into it almost head-on. There were no survivors on board the KLM airliner, which carried 229 passengers and 15 crew. Both jets exploded and burned. The blast was heard five miles away, and the fire blazed until nearly dawn.

Sue Masterman writes from The Hague: A Dutch team of 13 experts, air control officials, KLM staff and detectives reached Tenerife by helicopter shortly after dawn.

According to a leading Dutch journalist who flew in with them the Dutch say that the Pan American jumbo was in touch with the control tower ground staff as it moved to take off.

The KLM jumbo, at the other end of the runway, had waited

three and a half hours at Tenerife after being rerouted from Las Palmas. This aircraft was in touch with flight control in the same control tower. Cloud prevented the two aircraft seeing each other.

Before the taxiing Pan Am 747 had turned off the runway halfway down on to the taxi strip, the KLM jet was given permission to take off, the Dutch claim. The Pan Am pilot probably saw it thundering towards him and tried to turn his machine off the runway into an adjacent grass field.

The Dutch were unable to manoeuvre, since their nose-wheel had already left the ground. The two aircraft collided askew on the runway, with only part of the head and tail section of the Pan Am aircraft being spared.

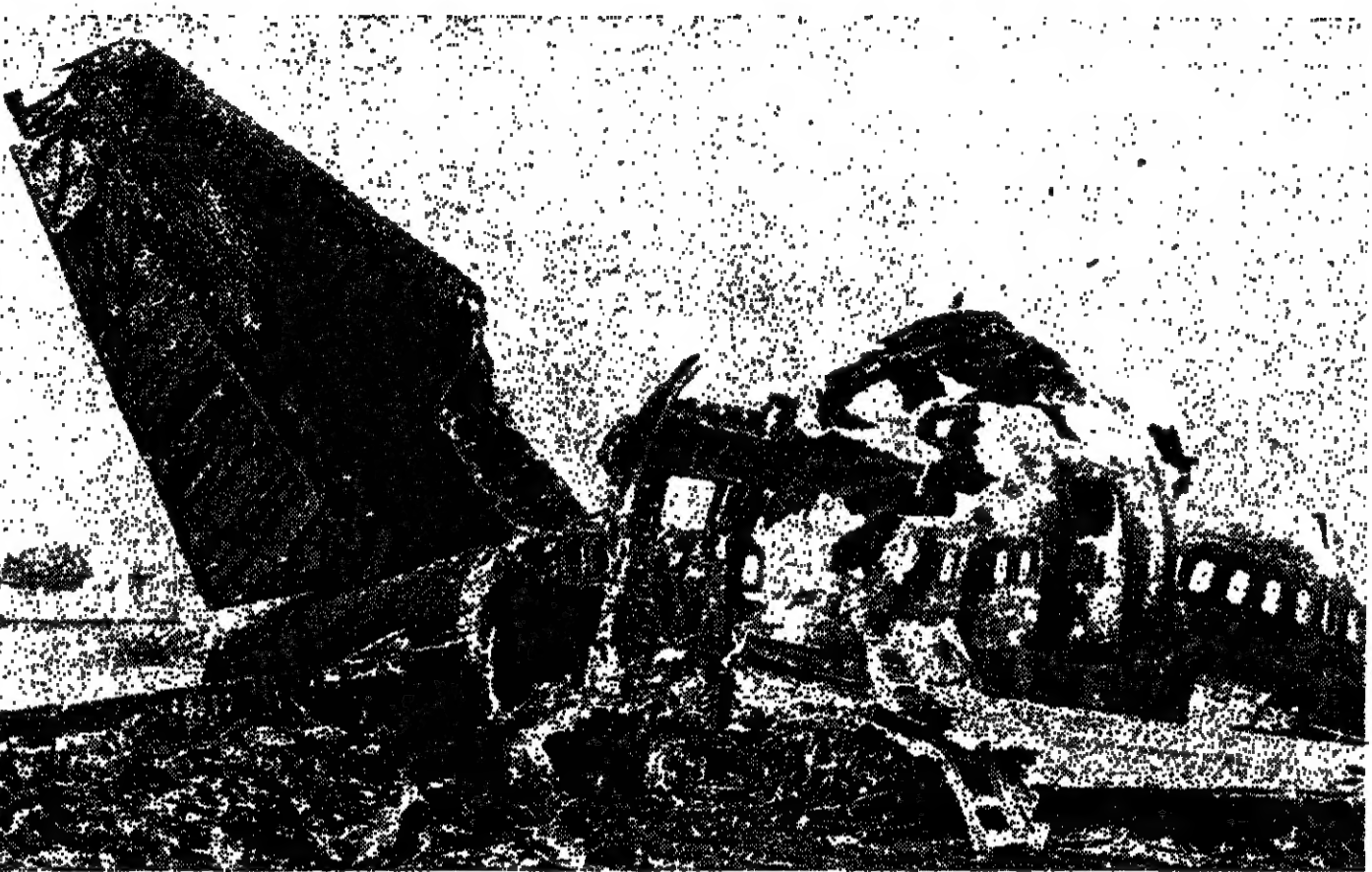
The unusual leak of inquiry news to the press is seen in Holland as an angry reaction against the Spanish declaration shortly after the accident that their Tenerife air traffic con-

trol was not to blame. The Dutch sketch of events implies that they were. There has been a succession of Spanish statements putting the blame on "technical problems" or on the crews of the aircraft. The Dutch feel strongly that the Spanish should have refrained from any comment until an initial inquiry had been completed.

KLM decided not to publish a full list of the victims since they had been unable to trace the relatives of at least 30. Whole families had been wiped out in the crash, the tour operators involved said.

Queen's sympathy: The Queen sent a message to the King of Spain expressing her shock and distress over the disaster.

Late last night a United States Air Force C130 Hercules transport aircraft was due to land at Las Palmas carrying supplies of blood plasma as local hospitals began to run out. Survivors stories and runway sketch, page 6



All that remained of the KLM jumbo jet in which all 229 passengers and 15 crew died.

## Commons boycott threatened by Ulster 'loyalists'

A number of hard-line Ulster "loyalist" MPs are threatening to boycott some of the House of Commons proceedings as a protest against Provisional IRA activities and the way the Government is tackling them. The Rev Ian Paisley said: "I will have to withdraw from Parliament and appear only when my vote will count against the Government." The murder of a woman of 63 in a Dublin pub by a Provisional IRA sniper, who was shot dead by a British soldier, was the latest in a series of attacks on the house with machine gun fire.

## Soviet-African talks

Leaders of the three main nationalist movements in southern Africa held talks in Lusaka with President Podgorny. Observers saw the meeting as a reaffirmation of Soviet support for the three groups, all of which are supplied with arms from the Soviet Union.

## Hospital peace move

Mr Emmels, Secretary of State for Social Services, intervened in the strike affecting five Surrey hospitals. He said the area health authority was calling all parties together for talks and that it had deferred an application for a High Court injunction to stop "unlawful" picketing. The strikers' union has made the dispute official.

## £1,000-a-year students

The basic grant for students is to be raised from £875 to more than £1,000 a year, Mrs Williams, Secretary of State for Education and Science, told the Commons. Parental contributions towards grants are to be reduced and there will be 300 more postgraduate studentships.

## Inner-city plan derided

The Government's programme of aid to inner cities, which is expected to be announced next month and is likely to be £100m a year at most, appears to be attracting criticism and derision. It is seen as a gimmick to attract votes in the council elections during May.

Leader, page 17  
Letters: On Liberal support for Labour, from Dr Robert Lefever and others; and on BBC reporting of Northern Ireland, from Mr Josiah Cunningham and Mr Eugene Wasbo.

Leading articles: John Dean's Watergate revelations; Tax exiles; Margaret Thatcher's views on the different voices for radio; Bernard Levin on the work of the BBC; David Radcliffe on the BBC and Portugal; Guest column, by Father Patrick Barry.

Art, page 9  
Paul Overy writes about the architect, Nicholas Hawksmoor; Michael Church looks at the television programmes *National* and *Today*; John Percival reviews Edinburg's *Swan Lake* Opera; page 18  
Brigadier Humphrey Strang: Captain A. S. Cunningham-Rand; Diary, page 16

Circulation was among newspapers for West Indians in Britain. Sport, page 10 and 11  
Table Tennis: Surprise decision to end open competition; Boxing: Preview of Stracey v Green bout.

Tennis: Rex Bellamy on the decline of the European circuit. Business News, pages 18-25  
Stock Markets: Equities drifted down narrowly and the FT index closed 6.5 off at 411.6  
Financial Editor: Willis Faber Dumas forecasts: Paterson, Zocher's break through dividend net; Reckitt Coleman's pharmaceutical promise  
Business features: Frank Vogel looks at the quickening pace of raising credit in the United States  
Business Diary: Britain enters her smallest team for 15 years for the apprentices' Skills Olympics

## Europe post eludes Mr Marquand

Mr David Marquand, Labour MP for Ashfield and a fervent campaigner for British membership of the EEC, will not, after all, be taking up a post in the European Commission, at least until the next general election.

The expected by-election at Ashfield, originally scheduled for the end of the first day of the year, has been postponed as that at Grimsby, probably April 21, will therefore not take place.

It had become known that Mr Marquand, who was appointed to Mr Jenkins, President of the Commission, to be his political adviser and to provide liaison between him and the European Parliament, was encountering difficulties.

The commission was not sure whether the terms of reference of the job should be in the form Mr Marquand accepted, or which nationality the job should go to if the need for a political adviser was accepted.

However, a decision is reached, Mr Marquand is understood to have informed party officials that he intends to continue as MP for Ashfield until the next general election.

However, he has also apparently informed them that he will stand down then and make way for Mr Michael Cowan, who was selected by the local constituency Labour Party to fight the expected by-election.

Tea prices: The rise in tea prices at London auctions has suddenly halted.

Brussels: Plans are announced for a visit to Washington by Mr Jenkins, President of the EEC, for talks with President Carter.

South Africa: Albert in Soweto after reports of police opening fire on demonstrating school children.

Cyprus: A three-page Special Report covering the Victoria talks, the economy and prospects for tourism.

Parliament, 13-15  
The separation between the Government and the parties must be clear cut, the President stated.

The resignation of the Government and the reappointment of M Barre preceded the decisive meeting tomorrow

## Mr Brezhnev warns US on human rights

From Our Correspondent  
Moscow, March 28

Mr Cyrus Vance, the American Secretary of State, told correspondents here this evening that he thought the human rights issue had been laid to rest, at least for the duration of the present negotiations between the United States and the Soviet Union on arms limitation and other crucial questions.

His remarks were made at the end of the first day of negotiations in the morning Mr Brezhnev, the Soviet party leader, had begun the proceedings with sharp criticism of the United States' attitude to human rights.

He said that it did not argue with the principles of non-interference in each other's affairs, enunciated by the Helsinki agreement.

Mr Brezhnev added that United States Soviet relations could only develop in a positive direction if these principles were observed. On the contrary, any effort to ignore these principles, let alone violate them, would affect adversely the bilateral relationship. He concluded: "It would be a serious mistake to believe otherwise."

Surprisingly enough, Mr Brezhnev then changed the topic to the Middle East, with a new suggestion that the standing block issue of Palestinian participation in peace talks could be decided by any

## Moves soon on worker power in the Post Office

By Paul Routledge  
Labour Editor

Ministers are planning to introduce a one-paragraph Bill to introduce industrial democracy into the Post Office on a management basis, with a "third force" of independent holding the balance.

A decision to alter fundamentally the management structure of the Post Office Corporation is expected in the next few weeks, and the brief of legislation to amend the Post Office Act, 1969, is all that is needed to implement the first experiment in public-sector worker power.

The Department of Industry is working on the political possibilities of introducing an amending Bill to the Act. It will reconvene the tripartite working party on managerial power-sharing between unions, the corporation's board and the Government as soon as its deliberations are completed.

Mr Kaufman, the Minister of State for Industry, who is responsible for implementation of the scheme agreed between the three parties, said the past 18 months will see any legislation that might come this session through the Commons. Opposition from the Liberals is not seriously expected.

Final Cabinet authority to proceed with a two-year experiment of putting leaders of the main Post Office unions on to the main board is likely to be given during the next weeks.

Discussions between the Government, postal unions and the corporation board have culminated in a deal that gives management six seats, unions six seats, and independents four seats on a reconstituted management board.

Industry ministers accept that the possibility of genuine legislation through this session depends on the attitude of the Liberals. But as 97 per cent of Post Office employees are union members it is thought that the Liberals will not seek to prevent an experiment in industrial democracy based on the official trade union channel of elections.

Minority trade union interests are catered for in the deal between the Post Office unions and the corporation. But the two big unions, the Union of Post Office Workers and the Post Office Engineering Union, will predominate in a new management structure that will be carefully watched by other public-sector unions.

The TUC nationalised industries committee is proceeding with plans to seek similar parity representation in other big state industries, with the exception of power supply where the electricity manual and staff unions do not agree with the Bullock-style formula for participation on the main board of nationalised industries.

## Jenkins pay agreement for 30,000 puts pressure on phase 3

By Tim Jones  
Labour Reporter

Further pressure on any new phase of income policy came yesterday when Mr Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, said he had secured binding agreements for substantial pay increases from July 31, the day phase two ends.

Mr Jenkins, who was speaking in Glasgow, said the agreements, with a number of large companies, had been negotiated for 30,000 employees. They involved "a very substantial percentage" pay rise above any figures now being mooted for a further income policy.

Such agreements, if ratified, would make it very difficult for other unions to accept any phase-three deal with the Government unless it allowed for a generous measure of flexibility over pay bargaining.

Motions on pay tabled for union conferences, which begin next month, display a growing dissatisfaction with pay restraint and any yardstick that points the way to high-percentage or flat-rate awards will be eagerly seized on by opponents of a further round.

Mr Jenkins, a leading

exponent of free collective bargaining, contended that much of the TUC's support for the present income policy had "melted away".

His remarks were made after he had made a claim for substantial increases on behalf of 8,000 employees of the General Accident Fire and Life Assurance Corporation.

The claim, if conceded, would give rises ranging from 11.6 per cent for filling clerks to 23.4 per cent for departmental heads.

"We are asking for more than a catch-up contract simply because this is a major company which has in the past lagged behind the leaders in the field," Mr Jenkins said.

Figures showed, he said, that the average earnings of General Accident employees might be about 15 per cent less than the average remuneration figure of about £2,077.

Noting the company's "extraordinary and welcome prosperity," Mr Jenkins said the employees "will want a share of this as well as a restoration of their purchasing power".

That, he admitted, might push some wage increases to 30 per cent.

## Mr Steel announces his 'shadow cabinet'

By Michael Hatfield

While Mr Steel, Leader of the Liberal Party, was announcing his reconstructed "shadow Administration" ministerial sources yesterday were pouring scorn on the idea that the Liberals would be directly involved in the Government's talks with the unions over a possible phase three of income policy.

That suggestion was made by Mr John Pardo, who maintains his role as Treasury spokesman, and Mr Cyril Smith, who ceases to speak for social services and represents employment, but it was said last night that it was inconceivable that Mr Pardo would take part in the Government's talks with the unions.

Although that will not come as a surprise, the suggestion is another demonstration of the "heady" state in which the Liberals are living at Westminster since the agreement struck with the Government.

Mr Foot, Leader of the House, had another meeting with Mr Steel yesterday to discuss the formal arrangements of the consultative committee involving the two parties, the first meet-

ing of which will be held tomorrow. It will be headed by Mr Foot, for the government side, and Mr Alan Beith, for the Liberal side.

Mr Steel intends to continue to supervise devolution until the nature of the legislation is agreed. When progress on the Bill is resumed, Mr Russell Johnston will take over responsibility. Lord Macleod of Benbulbin has been appointed to share the Scottish devolution workload in view of Mr Johnston's European Parliament commitments.

Mr Beith stated last night that the agreement between the Liberal Party and the Government might lead to a new political alignment. Speaking at Loughborough he said that in concluding it Mr Callaghan had stood up to those on the Labour left who disliked the deal because they knew it would block their nationalization plans.

The new Liberal "shadow administration" (a term that brings a smile to the party's political opponents, who see it more as self-delusion rather than self-importance) was announced by Mr Steel after talks during the weekend. The appointments (in alphabetical order) are as follows:

Lord Avebury	Race relations
Lord Banks	Social services
Mr Alan Beith	Chief whip and education
Lord Byers	Leader in the Lords
Mr Clement Freud	N Ireland, Broadcasting and arts
Mr Jo Grimond	Energy
Mr Emyrn Hoeson, QC	Defence and law
Mr Gerald Howells	Wales and agriculture
Mr Russell Johnston	Scotland
Lord Macleod of Benbulbin	Without portfolio
Mr John Pardo	Treasury
Mr David Penhaligon	Transport and environment
Mr Stephen Ross	Housing and local government
Lady Sear	Prices and Consumer protection
Mr Cyril Smith	Employment
Mr David Steel	Leader
Mr Jeremy Thorpe	Foreign and Commonwealth
Mr Richard Watnwright	Trade and industry
Lord Wigoder, QC	Chief Whip in Lords
Lord Winstanley	Health

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## HOME NEWS

## Inner-city aid scheme criticized as gimmick to influence polling

By John Young  
Planning Reporter

A storm of criticism and denials appears to be gathering, ready to descend upon the Government's programme of special aid to the inner cities, which is expected to be announced in a White Paper before the end of next month.

Ministers and officials are on the defensive about the size of the allocation, which is likely to be no more than £100m a year at the most and concentrated on five metropolitan regions: London, Birmingham, Manchester, Liverpool and Newcastle. Critics regard it as a gimmick to ensure retention of the Labour-dominated metropolitan counties in the local government elections at the beginning of May.

The announcement by Mr Shore, Secretary of State for the Environment, will probably coincide with a statement on the future of the new towns. The general expectation is that, of those in their relatively early stages, Tetford and Milton Keynes will survive more or less unscathed, Northampton, Peterborough will undergo agreed cuts in expansion plans, Warrington's growth will be severely restricted, and Central Lancashire will be put into "cold storage".

Since Mr Shore's widely reported speech in Manchester last autumn, in which he affirmed the Government's commitment to urban decay, he and his colleagues have been searching for other projects from which to divert funds. Among the most obvious were the new towns, which have been widely, and with very little factual evidence, cited as a principal cause of inner-city decline.

But the fact is that the £135m at present outstanding in capital advances to development corporations is almost entirely committed to long-term programmes which cannot easily be halted or even slowed. It is, moreover, in the form of specific loans at high interest rates, whereas it is far from clear whether the £100m a year provisionally allocated to the inner cities will consist of grants, loans or subsidies.

Mr David Hall, director of the Town and Country Planning Association, said yesterday

day that the overall effect of concentrating aid on five or six urban areas would be very small. The sort of programme that Merseyside had in mind would cost £4,000m over 10 years, of which half would have to come from public funds. That was "just not on".

The association's own programme, published yesterday, argues that the so-called inner-city situation cannot be dealt with in isolation either from national social policy or from town, city and regional planning policies.

"It is a disturbing feature of the current apparent momentum of the inner cities debate that attention, manifested in the form of special policies, programmes and resources, may be directed exclusively to the inner areas of the large conurbations alone", it states.

The association maintains that the plight of those inner areas is a direct consequence of the general move towards suburbanization. They can be revived only by making them as environmentally attractive as, say, suburbs and new towns, and by recognizing what the association contends is the desire of the overwhelming majority of people for a house with a garden.

It calls for an end to subsidies for expensive high-density housing schemes, which are more costly as well as less socially and environmentally desirable than estates of low to medium density.

The difficulties caused by inflated land values in central areas could be overcome, it suggests, by amending present valuation conventions, allowing local authorities to write off their land debts and concentrating funds under the Community Land Act on inner-city areas, which would include allowing the authorities concerned to retain the entire proceeds rather than sharing them with the Treasury and with a regional pool.

## Ban on court clerk

Leonard Morram, aged 59, chief clerk of Chelmsford Crown Court, Essex, was fined £150 and banned from driving for a year by Chelmsford magistrates yesterday after pleading guilty to driving with an excess of blood alcohol.

## Mr Ennals intervenes in hospital dispute

By Christopher Thomas  
Labour Reporter

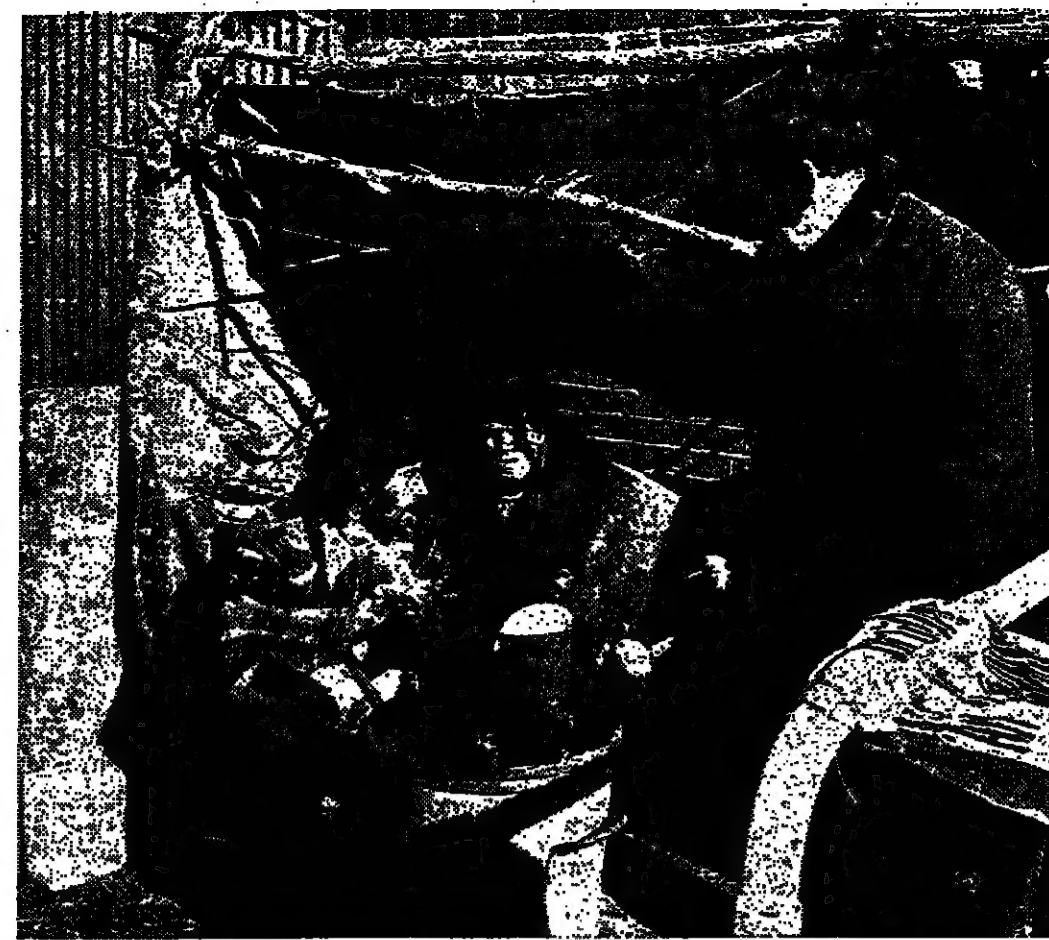
Mr Ennals, Secretary of State for Social Services, intervened yesterday in the strike affecting five Surrey hospitals. He said the area health authority was calling the parties together today for talks on a settlement, possibly by referring the dispute to the Advisory, Conciliation and Arbitration Service (Acas).

At his request the area health authority had agreed to defer its application for a High Court injunction to stop "unlawful" picketing at the hospitals. He had asked the Transport and General Workers' Union, which yesterday declared the dispute official, to help in easing the situation by ensuring that picketing was peaceful and that there would be no action that would put patients' health at risk.

Mr Ennals said he was seriously concerned about the dispute. There was some risk to the well-being of patients, including elderly and mentally handicapped people, he said.

The strike began after 32 Spanish members of the domestic staff at the Manor Hospital, Epsom, objected to the dismissal of two of their colleagues, who they said put some husband-and-wife teams on the same shift, making it difficult to look after their children. They were dismissed last week after being suspended with pay for four weeks.

Pickets yesterday built fires and makeshift tents outside the 850-bed Manor Hospital for the mentally handicapped; the



Mr Agrelo (left), the man at the heart of the dispute, with other pickets in a makeshift shelter.

1,320-bed West Park Hospital for mental illness, Epsom; the 850-bed Schiff Hospital for geriatric and pre-convallescent patients, Cobham; the 130-bed Cuddington Hospital for geriatrics at Banstead; and Epsom District Hospital.

The TGWU said yesterday that it had presented a formula to the authorities for a joint approach to Acas to appoint a mediator. The formula called

for the reinstatement of the dismissed employees with no loss of service; and for new rotas to be suspended.

The dispute began to develop several months ago because Mr José Agrelo, a domestic worker at Manor Hospital, wanted to work different rotas from his wife so that they could look after their children, aged one and three. After a three-day stoppage in January the author-

ities agreed, but in revising the rota caused baby-sitting difficulties for three or four other couples, local shop stewards said.

Mr Peter Stanley, assistant district hospital administrator, said yesterday that over the months the hospital had suggested five different rotas to distribute workloads more fairly. "Finally we decided we must put the thing in."

## Technology plans to go ahead at 'The Times'

By Tim Jones  
Labour Reporter

The management of Times Newspapers Ltd has decided to go ahead with its plans for the introduction of new technology, in spite of the rejection by most of the Fleet Street printing unions of the recommendations for the changes in the industry outlined in the joint union-management document, *Programme for Action*.

Union leaders have been informed that discussions will take place at local level on the implementation of a document, *Opportunity for Success*, in which the management outlined the changes necessary for the survival of the company.

In a letter to the union leaders Mr M. J. Huxley, chief executive and managing director of the company, says: "The economic circumstances which created the need for new technology and staff reductions have not altered; indeed, they have become more acute."

The Times Higher Education Supplement will be converted to new technology first, followed by The Times Literary Supplement and then The Times Educational Supplement.

When the changeover of the supplements has been completed, consideration will be given to the conversion of The Times and The Sunday Times. Mr Huxley added: "It is our confident belief that the successful application of the proposals put forward in *Opportunity for Success* will ensure that both The Times and The Sunday Times are made permanently viable as objective mass media to the interests of all who work for them."

In spite of the unions' rejection of *Programme for Action*, the joint standing committee set up to monitor the introduction of new technology in the industry is to stay in existence, subject to the approval of the unions' executives.

The committee, which met yesterday considered that there was still a role for it to give overall guidance and assistance concerning training and retraining. A statement issued after the meeting said it is recognized that the industry's plans for the introduction of new technology and improved production must necessarily proceed.

## Ombudsman not to come from Civil Service

By Our Political Correspondent

Replying to critical comments made by the Commons Select Committee which supervises the work of the Parliamentary Commissioner Ombudsman and its suggestion that it was wrong that the post should always be filled by a former civil servant, the Government has undertaken to follow a new policy.

The next appointee "should be someone with substantially different experience, perhaps from local government or the nationalized industries", it says. Lord Peart, Lord Privy Seal and Leader of the House of Lords, gave that undertaking to Parliament yesterday.

## £118,000 award to road victim

Mr Ian Clarke, aged 19, was awarded damages of £118,000 in the High Court yesterday for injuries in a road accident that left him totally dependent on his parents, Mr and Mrs Jack Clarke, of Church Crookham, Hampshire.

The award was against Ansfone and Horrocks Frozen Foods, owners of the two vehicles concerned, and the two drivers.

## US tempting some top British scientists

By Peter Godfrey

Some of Britain's foremost scientists are under pressure to follow the example of Dr Francis Crick, FRS, the pioneering Nobel Prize winner, by emigrating to improve their financial position.

Dr Max Perutz, FRS, Director of the Medical Research Council's Laboratory of Molecular Biology, at Cambridge, said last night that several scientists at the laboratory had been offered higher salaries and better research opportunities in the United States. "They have been offered very tempting jobs, but so far I am pleased to say that they have turned them down because they prefer the working environment here."

Dr Perutz, a Nobel laureate for chemistry, added that an American university had offered to create a special post for him, but he had no intention of leaving Britain.

It was at the Cambridge Laboratory that Dr Crick undertook the research, together with Professor James Watson, that led to the discovery of the structure of DNA, throwing un-

precedented light on the study of genetics. They were awarded the Nobel Prize for Medicine in 1962. After 25 years at Cambridge, Dr Crick, who is 60, has accepted a post at the Salk Institute, La Jolla, California.

Although Dr Crick was not available for comment in California last night, Dr Perutz said his colleagues' reasons for leaving were entirely financial.

"He was very happy here, and but for the worry that he might have been short of money when he retired, I am sure he would have stayed," he said. Dr Crick's emigration was precipitated by the closing of a tax loophole whereby British academics could, until 1974, leave for two months a year in the United States without being taxed, provided that their dollar earnings were not brought back to Britain. Added to that, top research scientists' salaries have been frozen at £8,000-£9,000 for five years, and British universities are rigid in enforcing a retiring age of 65, unlike American universities which are more flexible.

Leading article, page 17

## Doctor among 19 remanded on drug charges

From Our Correspondent

Magistrates at a special sitting at Swindon, Wiltshire, yesterday remanded in custody 15 people, including a doctor, until April 1, on charges involving the possession of drugs including cannabis, cannabis resin, amphetamine, or cocaine. Four more people were remanded on bail until July 7 on similar charges.

Prosecution evidence was given by Det Supt Dennis Greenfield, deputy coordinator of Number 7 regional crime squad, based in Bristol.

More people are expected to appear at Swindon today in connection with the alleged offences. Those remanded in custody were: Richard Kemp, aged 33, an unemployed bricklayer, of 12, St. Mary's Road, Swindon; David Black, 20, an unemployed bricklayer, of 12, St. Mary's Road, Swindon; Anthony Dalton, aged 30, an unemployed bricklayer, of 12, St. Mary's Road, Swindon; John McConnell, aged 30, an unemployed bricklayer, of 12, St. Mary's Road, Swindon; David Robertson, aged 31, an unemployed bricklayer, of 12, St. Mary's Road, Swindon; John Francis, aged 31, an unemployed bricklayer, of 12, St. Mary's Road, Swindon; William Lockwood, aged 30, an unemployed bricklayer, of 12, St. Mary's Road, Swindon; David Jones, aged 30, an unemployed bricklayer, of 12, St. Mary's Road, Swindon; David Smith, aged 27, an unemployed bricklayer, of 12, St. Mary's Road, Swindon; and George's son, a computer worker, of 12, St. Mary's Road, Swindon.

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## Closure idea to end post office's lunchtime queues

From Our Correspondent

A post office could avoid queues at lunchtime by closing queues at lunchtime by closing the counters. The suggestion came at a meeting of the Post Office advisory committee at Ripon, North Yorkshire, when Mr E. W. Drury, the assistant head postmaster, disclosed that the possibility was being examined.

The idea has led to strong opposition in Ripon, where many people are able to use the post office only during their lunch hour. Mr Drury thinks that by closing for lunch instead of having a staggered break for staff the counters will be better manned during the rest of the day.

Mr John Richmond, a councillor and local hotelier, said the proposal was ridiculous. He intends to take the matter further.

"The only solution", he said, "is to employ more staff to man the counters. By closing at lunchtime they are just avoiding the problem because queues would then build up throughout the day."

He has become so frustrated at queuing for up to 15 minutes for a stamp that he now travels by car to post offices on the outskirts whenever possible. He intends to ask the advisory committee to think carefully before agreeing to the proposal on closing.

## Thefts by Minster bursar

From Our Correspondent

Stanley Neal, bursar of York Minster, suffered from collection boxes and once from the plate after a service as a protest against the system of administering the cathedral's vast finances. York magistrates were told yesterday.

Mr Neal, aged 49, was said to have been under mounting pressure as he tried to raise the £500,000 necessary for the minster's upkeep. He was also responsible for the investment portfolio involving more than £1m, preparing accounts for

audit, staff salaries and insurance, and other financial duties. Mr Trevor Cox, for the defence, said Mr Neal had complained to clergymen that his task was being made more difficult by some of their decisions, and he resented what he considered to be interference.

He felt a grave sense of grievance and started to take money, as it were as a protest," Mr Cox said.

Mr Neal pleaded guilty to 31 offences involving thefts of a stamp that he now travels by car to post offices on the outskirts whenever possible. He intends to ask the advisory committee to think carefully before agreeing to the proposal on closing.

## Circus in VAT fraud case

Chipperfield Enterprises

Before the court were Myrtle Chipperfield, director, Robert Thompson, the company secretary, and Mrs Valerie Wood and Mrs Maud Thompson, employees. The hearing continues today.

## Stechford voters 'wait for Budget benefits'

From Arthur Osman

Birmingham. About a third of people questioned by Marplan in a poll at Stechford, Birmingham, for the Birmingham Evening Mail said their votes were uncommitted for Thursday's by-election. This figure compared with about a quarter in other recent by-elections. Everything pointed to their awaiting the outcome of the Budget today and any benefits it might give them.

The results of the poll published yesterday suggested that of the remaining sample of 554 voters questioned, 44 per cent would vote Conservative, 43 per cent Labour, 10 per cent Liberal and 3 per cent National Front. Half the sample will be interviewed again tomorrow after the Budget.

A breakdown of voting intentions indicated that in the Conservative figure 49 per cent were women and 40 per cent men, in the Labour figure it was 39 per cent women and 47 per cent men, and in the Liberal figure 9 per cent women and 10 per cent men.

Marplan said the Conservative lead in terms of sampling error was not significant; the actual degree of error for either party being plus or minus 4 per cent leaving a position at present of a dead heat.

But about 80 per cent who voted for the Conservatives in October, 1974, said they would do so again, compared with 54 per cent for Labour and 44 per cent for Liberal.

Marplan also indicated that 17 per cent of Liberal voters in 1974 intended to support the Conservatives, 6 per cent Labour and 6 per cent National Front.

The same poll asked what people would most like to see in the Budget. The top five places were: lower council tax (76 per cent), increased pensions (46 per cent), a cut in VAT (22 per cent), reduction in tax on petrol (21 per cent) and reduced unemployment benefits (16 per cent).

Another question about the most important issues which would decide how people voted produced prices (54 per cent), standard of living (44 per cent), strikes and industrial stoppages (36 per cent), reduction in unemployment (35 per cent), immigration (35 per cent), maintenance of law and order (31 per cent) and control of public spending and education standards each received 23 per cent, control of nationalization 20 per cent, better housing 18 per cent, situation in Ulster 15 per cent, import controls 11 per cent and standards of public life 11 per cent.

Asked which politicians they thought would make the best Prime Minister, Mr Callaghan and Mr Heath received 19 per cent each, Mr Enoch Powell 18 per cent and Mrs Thatcher 12 per cent.

Mr Terence Davis, the Labour candidate, said he believed that the poll was an accurate record of what people were thinking and showed that Labour and Conservatives were neck and neck with no one else in the race. Most people did not want a general election.

Mr Andrew MacKay, Conservative, said that although he was grateful for the poll's prediction the only poll that mattered was that of Thursday.

The Liberal yesterday finished sending out a personal message from Mr David Steel, the party leader, to the electors, explaining the Labour-Liberal arrangement. He said that on recent visits to the constituency he had received "three messages loud and clear".

Only a tiny majority wanted socialism and most felt they wanted rational policies in the national interest; nearly everyone thought the Labour and Conservatives were neck and neck with no one else in the race. Most people did not want a general election.

The report says the authority should have an important role in planning, land-use and transport policies in the region and that it would strengthen democratic representation at an important level. "We see this elected body taking over at regional level health, water, tourism, port authorities, sports councils and arts."

Local authorities in the suggested region, particularly Tyne and Wear Metropolitan County Council, played a leading part in the "English backlash" against the Government's devolution proposals. One of their arguments was that if Scottish and Welsh devolution were to proceed, similar powers would have to be given to elected English regional authorities.

The report says the legislation required to establish a directly elected regional authority could not be undertaken until after the next general election at the very earliest and suggests further study of the methods by which existing machinery for economic development could be used more effectively in the meantime.

The Labour report says the "northern region" should consist of the counties of Cumbria, Northumberland, Tyne and Wear, Durham and Cleveland. It says of the recent confusion felt in the new county of Cumbria which was made up of the old Cumberland, Westmorland and parts of Lancashire: "The people in Cumbria, whilst acknowledging their isolation, nevertheless feel closer to the North-east than to Merseyside and Lancashire."

It argues that a northern

## Gala halted by holiday camp sit-in

From Our Correspondent

A high school's swimming gala was cancelled last night when 200 building pickets refused to allow pupils to hold their annual championships at the indoor swimming pool at the Pontin holiday camp at Prestatyn, Clwyd.

The pickets, members of the Union of Construction, Allied Trades and Technicians (UCATT), were employed in the construction of a new Pontin camp at Tower Beach, near by. In January they were dismissed for alleged low productivity.

Their month-long sit-in was ended by a High Court injunction last Sunday night, when they took over the Prestatyn camp. They say they will leave when Pontin agrees to sit round a table and discuss the dispute.

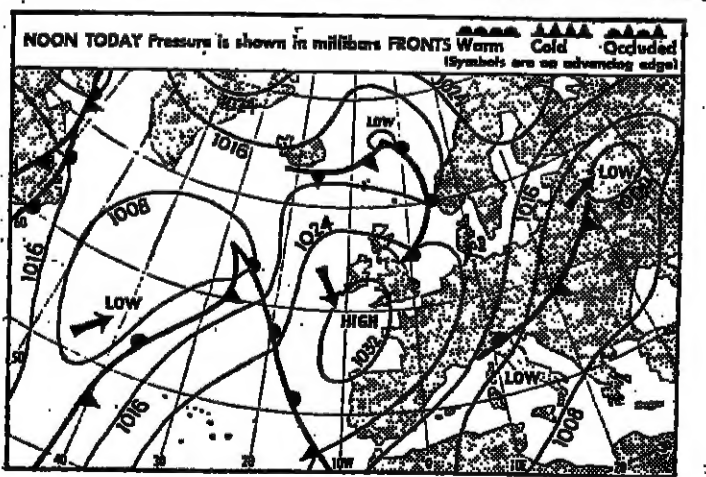
## Judge's health warning to rapist of 68

A man aged 68 who admitted an offence of rape was told by Mr Justice Tesser at Leeds Crown Court yesterday: "With your state of health—you have got high blood pressure—you ought not to indulge in conduct of the kind, because you might over-exert your power and die in very unfortunate circumstances."

George Dickinson, retired, a widower, formerly of Rocheford Court, Leeds, pleaded guilty to raping a widow of 70 on December 14.

Describing it as a very special case, the judge imposed a sentence of two years' imprisonment, suspended for two years.

## Weather forecast and recordings



**Today**  
Sun rises: 6.43 am. Sun sets: 7.29 pm.  
Moon sets: 3.32 am. Moon rises: 1.2 pm.  
Full moon: April 4.  
Lighting up: 7.59 pm to 6.11 am.  
High Water: London Bridge 8.28 am, 5.5m (18.0ft); 9.22 pm, 5.4m (17.7ft).  
Low Water: Avonmouth 1.28 am, 1.6m (5.2ft); 2.16 pm, 2.5m (8.2ft).  
Dover 6.37 am, 2.5m (8.2ft); 7.26 pm, 5.0m (16.3ft).  
Bull 1.10 am, 5.4m (17.5ft); 1.34 pm, 5.4m (17.5ft).  
Liverpool 6.32 am, 7.0m (23.1ft); 7.21 pm, 7.0m (23.1ft).  
Pressures will be high to the SW of the British Isles.  
Forecasts for 6 am to midnight: London, south, E, NE England, Midlands: Sunny, mostly dry; wind N to NW, light or moderate; max temp 7° or 8°C (45° to 46°F).  
SE England, East Angles: Sunny intervals, scattered wintry showers, gradually dying out; wind N to NW, light or moderate; max temp 7° or 8°C (45° to 46°F).  
Wales: Mostly dry, sunny spells; wind N to NW, light; max temp 6° or 9°C (46° to 48°F).  
N. Ireland: NW, England, Lake District, Isle of Man, Northern Ireland: Mostly dry, sunny intervals, perhaps becoming cloudy late; wind W, NW, light; max temp 6° or 7°C (43° to 45°F).  
Borders, Edinburgh, Dundee, Aberdeen, SW Scotland, Glasgow, Central Highlands, Argyll: Mostly dry, variable cloud, bright intervals; wind W moderate; max temp 6° or 7°C (43° to 45°F).  
Moray Firth, NW Scotland, Orkney, Shetland: Bright intervals, occasional showers, snow chiefly over hills; wind W moderate; fresh; max temp 4° or 5°C (39° to 41°F).  
Outlook for tomorrow and Thursday: Dry in S and E at first, otherwise changeable, rain at times but bright intervals, becoming warmer.

WEATHER REPORTS YESTERDAY MIDDAY:										c. cloud; f. fair; s. rain; s. sm; sm. snow.	
	C	F	C	F	C	F	C	F	C	F	
Alghero	19	68	C	67	Palmas	19	68	Nice	C	53	
Algiers	19	68	C	67	Mahon	19	68	Paris	C	47	
Ankara	19	68	C	67	Malaga	19	68	Porto	C	47	
Alexandria	19	68	C	67	Locarno	19	68	Prague	C	41	
Amman	19	68	C	67	Lyon	19	68	Stockholm	C	41	
Antwerp	19	68	C	67	Madrid	19	68	Tallinn	C	41	
Barcelona	19	68	C	67	Mannheim	19	68	Tampere	C	41	
Bombay	19	68	C	67	Moscow	19	68	Tartu	C	41	
Buenos Aires	19	68	C	67	Munich	19	68	Tbilisi	C	41	
Calcutta	19	68	C	67	Nagasaki	19	68	Tokyo	C	41	
Canton	19	68	C	67	Nanking	19	68	Umea	C	41	
Cebu	19	68	C	67	Norfolk	19	68	Vladivostok	C	41	
Colon	19	68	C	67	Osaka	19	68	Yokohama	C	41	
Dacca	19	68	C	67	Shanghai	19	68				
Dahomey	19	68	C	67	Singapore	19	68				
Dar-es-Salaam	19	68	C	67	Sourabaya	19	68				
Delhi	19	68	C	67	Tientsin	19	68				
Genoa	19	68	C	67	Wien	19	68				
Hankow	19	68	C	67	Zurich	19	68				
Hongkong	19	68	C	67							
Kobe	19	68	C	67							
Kuala Lumpur	19	68	C	67							
London	19	68	C	67							
Lyons	19	68	C	67							
Manila	19	68	C	67							
Medan	19	68	C	67							
Meerut	19	68	C	67							
Mombasa	19	68	C	67							
Moscow	19	68	C	67							
Mumbai	19	68	C	67							
Nagasaki	19	68	C	67							
Nanking	19	68	C	67							
Norfolk	19	68	C	67							
Osaka	19	68	C	67							
Shanghai	19	68	C	67							
Singapore	19	68	C	67							
Sourabaya	19	68	C	67							
Tientsin	19	68	C	67							
Wien	19	68	C	67							
Zurich	19	68	C	67							



## HOME NEWS

## Union men in 'safety army' for factories

By Our Labour Staff

Regulations that will allow about 150,000 safety representatives appointed by trade unions to have posts in British factories were laid before Parliament yesterday by Mr Booth, Secretary of State for Employment. They will come into force in October, 1978.

Mr Bill Simpson, chairman of the Health and Safety Commission, said the legislation was a milestone—it could cheaply and efficiently cut the £1,000 cost of industrial accidents in Britain each year.

The safety representatives will have time off with pay to carry out their duties, and to receive training. If any two ask in writing for a safety committee to be set up, an employer will have to do so within three months.

Mr Simpson said that for more than a century handful of inspectors had fought an uphill battle to improve the safety of people at work.

Inspectors, however inspired and dedicated, are never going to be as many as there are in every workplace every day, but this new army of men and women are placed right in the front line of occupational safety. They are the people daily at risk and it is they or their workmates who are most likely to be injured or killed, maimed or diseased from their jobs.



Brokers during the bidding at the London Tea Brokers' Association's weekly auction yesterday.

## Halt to rise in auction tea prices

By Craig Seton

The rise in prices at the London tea auctions, which has caused speculation that prices in the shops may double to 40p a quarter pound later this year, halted suddenly yesterday.

For no immediately apparent reason, up to a £1 less was being paid for a kilogram of tea at the start of the weekly auction. Prices were still down by about 50p a kilogram by the end of trading.

Ironically, the day when brokers were surprised by the sudden fall in prices also saw £3 a kilogram being fetched for a Ceylon Broken Orange Pekoe,

a quality tea, setting a new record at the auctions.

The first important fall to be recorded for many months in London was a correction, tea brokers say, which will bring a little steadiness to a market that has seen startling price movements. But it is still impossible at present, they say, to predict its effect on retail prices, which are not fixed on the results of one day's trading.

The total average price for tea at last week's auction, when more than 53,000 100lb chests were sold in London, was £270 a kilogram, a new and unexpected peak, more than four times higher than last year's price.

The average price reached yesterday will not be worked out until Wednesday but is expected to settle at about £230.

The auction is arranged each week by the Tea Brokers' Association of London which sells on behalf of Asian and African producers. About half the tea consumed in Britain is dealt with there.

Mr Peter Banyard, chairman of the association, said yesterday: "The market is steady, but we shall have to wait until after Easter to see what the trend is."

The sudden rise in prices had been caused by increased world consumption of tea, helped by soaring coffee prices, which had caused a serious rundown in stocks, droughts in Ceylon and Kenya and a general recognition that prices had been too low for too long.

Mr Banyard added: "We are in a period of comparative shortage and we are likely to remain in short supply for two years. Prices cannot really fall that much, but I hope that we can get back to a more reasonable level."

Brooke Bond Oxo, which claims 39 per cent of the United Kingdom market in packet tea, has asked the Price Commission for a 6 1/2p rise for a 1lb packet, now costing 20p. Last August a 1lb packet cost only 10p.

If allowed it will be the sixth increase in a year. The company said: "A further price increase later in the summer is inevitable."

The company's latest application is based on an auction figure of £165 a kilogram and does not take account of recent rises at the London auction. If retail prices were to be fixed on the basis of last week's figure of £270 a kilogram, retail prices might work out at up to 42p a quarter-pound.

But brokers point out that it is trends over several months together with prices at other world auctions that will eventually fix retail prices.

## Prison staff call off protest over quarters

By Our Crime Correspondent

Prison staff at Dartmoor, who yesterday refused to carry out selected supervisory duties in protest at their living conditions, will resume normal work this morning. It was announced last night after consultations between Home Office representatives and the 150 staff officers.

Yesterday, except for an hour's exercise period, prisoners were kept locked in cells while the staff protested that their own living accommodation was worse than that provided for the men they guarded.

As a result of the dispute the five hundred prisoners were unable to attend education classes and working parties were cancelled.

The action by the staff is the culmination of a long wrangle with the Prison Department, which has estimated that it will cost about £100,000 to carry out the repairs and alterations demanded by the officers on their quarters.

Last night, after talks between the Prison Officers' Association and Home Office officials, it was agreed that talks would resume into their complaints on April 4. In return the staff agreed to end restricted working.

Mr David Bowen, secretary of the Dartmoor branch of the association, had said earlier: "The prisoners' quarters are better than our own, and they get free central heating."

## £500,000 'fine' over smuggled diamonds

By Clive Borrell

Crime Correspondent

The London Diamond Bourse is to consider the future membership of one of the country's leading precious gems merchants after an order by the Customs and Excise Department that he should pay £500,000 after admitting handling smuggled diamonds.

The merchant, Mr Jacques Rotenberg, aged 62, a former consultant to the department, was made an OBE two years ago for his voluntary services to the Customs Diamond Committee. He has been a member of the bourse for many years.

After information from officers of Scotland Yard's serious crimes squad, customs investigators made a full inquiry into Mr Rotenberg's diamond transactions over a two-year period.

They discovered that couriers were bringing diamonds hidden in their clothing into Britain from the Continent. They also found that Mr Rotenberg was selling the diamonds to reputable merchants in Hatton Garden.

Since 1973, Customs investigators estimated, £850,000 of diamonds had passed into Mr Rotenberg's hands as a result of the smuggling operation. When confronted, Mr Rotenberg

opened his office safe and customs men found £40,000 more smuggled diamonds inside.

After consultation with lawyers it was decided that Mr Rotenberg should pay £270,000 as evaded value-added tax and a further £230,000 as a fixed penalty under section 288 of the Customs and Excise Act. A prosecution under section 304 of the Act was ruled out because of the unlikelihood of being able to extradite Mr Rotenberg's accomplices on the Continent to face charges in London.

Customs lawyers also insisted that Mr Rotenberg should pay a further £40,000 on the diamonds found in his safe on condition that he sent them back to the Continent.

The customs and excise confirmed yesterday that both amounts had been paid in full by Mr Rotenberg.

The £500,000 penalty imposed on Mr Rotenberg is the largest single payment made under the Act. In the year March, 1975 to March, 1976, the latest for which figures are available, more than 1,000 people were dealt with under this section of the Act for smuggling (excluding drugs and pornography) and penalties totalling nearly £600,000 were paid.

## £20,000 jewel theft

Mr Jack Pabber, a jeweller, was attacked by three men and robbed of jewelry worth more than £20,000, he walked to his office in Hatton Garden, London, yesterday. The thieves escaped in a car, which was later found abandoned.

## Firemen end action

Firemen in West Sussex decided yesterday to resume normal working from today after answering only emergency calls since March 18. They began their industrial action after economy cuts had been suggested.

## Breakfast news and soap opera

## Early-morning experiment starts in ITV regions

By Ronald Kershaw

The North of England experienced its first breakfast-time television yesterday morning, by courtesy of Yorkshire and Tyne-Tees channels, and, according to both companies, congratulatory telephone calls were the order of the day. Mr Peter Moth, the Tyne-Tees producer, said later that night-shift workers had been particularly appreciative.

On the Yorkshire half of the presentation, Mr Bob Warman, the station's chatty presenter, did the best to be cheerful while dealing with death and destruction in the world's worst air crash, the report of a drug raid, and an assortment of lesser disasters.

The new programme, a nine-week experiment in early evening, comprises mainly national and regional news, weather, road reports and excerpts from newspapers from 8.30 am followed by cartoons, *Peyton Place* and *Houseparty*.

The last two programmes are intended for housewives, gazing with relief at just having sent the children off to school. Later risers might find *Peyton Place*'s Alison Mackenzie and Rodney Harrington a little hard to take along with the bacon and eggs, but, in all fairness, it must be emphasized that the companies are having second thoughts and trying to

drop the "breakfast television" tag. After all, how many homes keep their sets in the dining room or kitchen?

In the middle of yesterday's Yorkshire road report Sir Harold Wilson's face appeared for a few seconds, to replace a stand-up road scene. The technical mishap prompted the presenter to ask: "I wonder how Harold got into the picture?"

Another mystery, which no doubt will be sorted out, is what has happened to school broadcasts, which usually start at 9.30 am on the Yorkshire channel. YTV says that as children are on holiday the question does not arise. (If they are, there are a few hundred thousand in Yorkshire who do not know about it.)

That company says that after the holidays the early-morning programmes will stop at 9.30 am and school programmes will continue as usual. A little closer cooperation with education departments seems in order.

*Good Morning Television*, as the companies want it to be known (on YTV it is *Good Morning Calendar*, and on TIT *Good Morning, North*) will be assessed and the results considered by all the companies. No big changes are likely before the present contracts end in 1979.

## Lord Bernstein urges TV audiences to switch off

By Kenneth Gossling

Lord Bernstein, chairman of the Granada Group and one of the elder statesmen of commercial television, yesterday called on the public to be more selective in their viewing.

"Why don't they decide in advance which programmes interest them and switch on for them only?" he asked.

"Indiscriminate viewing debases people's television appetite and is not good for the medium. I urge them to switch off if the programme is not good enough."

Lord Bernstein, who was referring to the Annan committee's report on the future of broadcasting, at the group's annual meeting, said it was news to everyone at Granada that they had been living in a straitjacket, that they had been part of a "restrictive dupoly". They had been themselves, he said. "When the

smoke has cleared away we hope that Granada will have greater opportunities and more time on the air for its programmes."

Among other comments on Annan yesterday, the Methodist Church found its proposals for a fourth channel disappointing. But its suggestions for local radio were welcomed, although the Methodists did not think it necessary to set up another bureaucratic authority.

The Institute of Practitioners in Advertising described the plans for new administrative bodies as "a bonanza for bureaucrats". It was highly questionable, the institute said, whether they would provide the twin requirements of accountability and accessibility. Having said this, the committee had refused to take seriously the criticism of religion's privileged position on radio and television.

## Form of national service for jobless urged

From Our Correspondent

Mr Edward Taylor, Conservative MP for Glasgow, Cathcart, who is party conference spokesman on Scottish affairs, said in Glasgow yesterday that he favoured a form of voluntary national service for people between the ages of 16 and 23 who had been unemployed for at least six months.

"It would be infinitely better for them than doing nothing," he told directors of Glasgow Chamber of Commerce. "I think it would be very good for them. I am distressed and worried about the unemployment situation in general and the effect it must have on young people. If we are going to continue to have massive unemployment, then something must be done to counteract it, and I think some form of national service would be a major step forward."

He did not consider that the answer to Scotland's unemployment difficulties was to be found through agencies, commissions and boards, all spending public money. "We could do with less of them and use government cash to encourage industry in the free enterprise sector," he said.

## Man says he took part in £2m theft at airport

Justin Harvey, aged 27, who once pretended he was Lord Londonderry, told the Central Criminal Court yesterday that he took part in the theft of more than £2m from Heathrow airport, London, last June.

Mr Harvey, now in jail for fraud, said it was he, not Stephen Francis, who posed as a security guard and stole the money from the strong rooms. Mr Francis has pleaded not guilty to stealing the money.

Mr Harvey said he went on the robbery with Stephen Raymond, who is in custody in Switzerland. He said he met Mr Francis on the morning of the theft and agreed to go on the job in Mr Francis's place. After he and Mr Raymond had gone to the strong rooms wearing the uniform of the security firm for whom Mr Raymond worked, and stole the money, in foreign currency and sterling, he was dropped off in Kensington High Street. The prosecution say that Mr Francis, a salesman, was the man who carried out the theft with Mr Raymond. Three other people deny handling some of the stolen money. The trial continues today.

## CONSUMER CREDIT ACT

**If you offer credit, lend money or hire out goods, you probably need a licence. Apply now.**

## You need a licence if:

- \* You are in business and lend money, offer credit or give people time to pay for goods or services.
- \* You offer hire purchase, instalment sales, cash loans, overdrafts, budget or subscription accounts, certain mortgage agreements or issue your own credit cards or trading checks—in fact any form of credit.

**Examples:** Retailers or trade suppliers offering credit, banks, finance houses, pawnbrokers and money-lenders, check traders, motor dealers, mail order firms, credit card issuers, life insurers, mutual loan clubs, firms offering loans to employees.

- \* You hire out, lease or rent goods to others.

**Examples:** TVs, cars, office or factory equipment or plant, vending machines.

## You don't need one if:

- \* All you do is allow customers to pay up in full in one amount at the end of a set period (this covers tradesmen's normal weekly or monthly accounts).
- \* You deal with limited companies only
- \* The credit or hire parts of your transactions always involve amounts exceeding £5,000.
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## HOME NEWS

## Student's basic grant to become £1,000 a year, with a reduction in parents' contribution

By Frances Gibb, of The Times Higher Education Supplement

The Government is to spend more than £50m more on students' grants in 1977-78, Mrs Williams, Secretary of State for Education and Science, announced in the Commons yesterday.

The basic grant is to be raised from £875 to more than £1,000 a year, which is about £25 a week for the 40 weeks of the year (all except the long vacation) is expected to cover the cost of maintenance.

Parental contributions towards the grants are to be reduced and every student depending on parental assistance will receive a minimum grant of £80 towards maintenance.

The new levels for 1977-78, which take effect in October, are (1976-77 levels in brackets): students in hall, £1,010 (£875), in hall, £1,010 (£875), in hall, £1,010 (£875) and living at home £785 (£675).

Postgraduate studentships from either the Department of Education and Science or the research councils will also be increased, from £1,270 a year to £1,475 for students living away from home; from £1,380 to £1,655 for students away from home in London and from £1,250 to £1,475 for students at home.

It is estimated that the additional cost of the new undergraduate awards will be about £50m, bringing the total for these awards to about £151m in 1977-78. The additional cost of

the postgraduate awards is estimated at £3.8m, bringing their total to £29.6m in 1977-78.

The starting point in the parental income at which a contribution has to be made to the grant has been raised from a residual income (after mortgages, pensions, dependants and other considerations) of £2,700 a year to £3,200, and reductions in the size of the contributions have been made throughout the scale.

Mrs Williams said adjustments would be made to the parental-contribution scale to take account of the effects of inflation and to compensate parents for the reduction of child tax allowance in the coming financial year.

The starting point for a spouse's contribution to the grant has been raised from £2,700 to £3,000.

The minimum maintenance grant of £80 replaces the £50 grant that the Government decided to abolish last year when it announced that all students in receipt of a mandatory grant would have their tuition fees paid. That decision still stands for next year.

Other modifications are that all students who have taken two-year advanced courses, and not just those who have taken Higher National Diploma courses or other courses, will have support for the final year of a later degree course.

Students will no longer be disqualified from a mandatory award as a result of a late application up to one term after

the beginning of a course, or because of up to one term's attendance on a previous course.

Mature students will still have to support themselves for three out of six years before a grant, but the extra sum they receive a year for every year which they are over 25 before the start of the course is to be raised to £100, with a maximum of £400.

At a press conference in London, Mr Oakes, Minister of State overseeing higher education, said the grants had not been announced for the usual three-year period because the economy was expected to improve.

Tony Welton, Mr Norman St John-Stevas, MP, Conservative spokesman on education, welcomed the announcement, particularly the reduction in the parental contribution (the Press Association reports). "However, in view of the fact that 73 per cent of parents do not pay the contribution to their children, the Government should set up at once an impartial committee to investigate and review the whole situation," he said.

"Disappointed" students: Mr Charles Clarke, outgoing president of the National Union of Students, said the increases were disappointing in that they failed to compensate fully for past inflation (a Staff Reporter writes). But the union was glad that the Government had recognized the merits of its case for fewer discretionary awards and a reduction in mean-testing.

Mrs Williams said that if pay and prices increased much more than had been assumed in the calculation the Government would be prepared to review the grant.

## University grant cut less than expected

By a Staff Reporter

The universities' recurrent grant for 1977-78 will be £562m, a cut of 1 per cent on this year's figure, Mrs Williams, Secretary of State for Education and Science, announced yesterday. They will also receive an additional £35.1m for furniture and equipment, compared with £35.5m this year.

The reduction in the recurrent grant is far less than had been feared by the University Grants Committee, which last year predicted a fall in universities' income in 1977-78 of about 4 per cent.

Mrs Williams also announced provisional figures for the universities' grant for the next three years, thus meeting criticism from the universities and the grants committee that the recent system of announcing grants annually prevented long-term planning.

The provisional figures are: £556m in 1978-79, £564m for 1979-80 and £572m for 1980-81. Those figures assume the same level of tuition fees as in 1977-78 because no decision has yet been taken on fee levels for those years.

Unlike previous grants, the £562m includes local authority rates payable by universities (£30m). It also includes an undisclosed sum for academic staff salaries.

Mrs Williams said that if pay and prices increased much more than had been assumed in the calculation the Government would be prepared to review the grant.

Good showing of Federation of Conservative Students in delegation  
Broad Left holds on to central role in NUSFrom Neville Hodgkinson  
Social Policy Correspondent  
Blackpool

In the student political spectrum Miss Susan Slipman, president-elect of the National Union of Students and a member of the Communist Party national executive, is a moderate. Her election yesterday reaffirms the central role held in the union by the Broad Left, an alliance of Labour Party and communist supporters, for whom she was the candidate.

She takes over the full-time post, which pays £3,000 a year, as their first woman president at the end of June.

Miss Slipman said afterwards that she was committed to working with all democratic parties and would put her own political affiliations second to the needs of the union.

Her main rivals in the presidential election were Mr Hugh Lanning, a candidate of the ultra-left, who came second, and Mr Steven Moon, the Tory candidate, who was third.

NUS politics are an extraordinary jumble of what seem at first to be the outside to be a series of posturing, slogans and intrigues with little relevance to the wider world.

Delegates from some of the smaller colleges arriving at the conference for the first time have been known to pack their bags and leave after only the preliminary skirmishes. They have been utterly confused by the amendments, counter-amendments, caucus meetings, and behind-the-scenes lobbying that generally takes precedence over debate on ideas or issues.

The sessions last a withering 15 hours a day, from 9 am to midnight. But many of the



Miss Susan Slipman: first woman president of NUS.

decision-taking. The fact that the decisions taken are rarely of relevance to anyone but students and frequently of only marginal interest even to most of them does not denude the exercise of value. Many former NUS officials enter national politics and often achieve positions of great influence.

There is an emphasis on procedural safeguards and niceties but with that a commitment to democratic principles, both in letter and spirit. There is strong and genuine disagreement on the union's policy of denying a platform to fascist and racist speakers, an issue on which a significant debate is expected this week.

As well as serving as a dress rehearsal for future politicians, the conference reflects trends of the broadest kind in the mood of the most politically active of the 800,000 young people represented.

Mr Charles Clarke, the outgoing president, is among those who draw attention to the contrast between the heady days of international student protest centred on the Vietnam war eight or nine years ago and the increasingly hard-headed economic concerns that dominate student politics today.

Whereas some see the student body as becoming fearful and defensive, Mr Clarke detects a positive strengthening, in that students' unions are becoming less out of touch with the realities of local political life, having forged closer links with public sector trade unions through acting jointly against public spending cuts.

The common threats of college closures, higher fees and unemployment have also been

accompanied by a strengthening of the democratic fabric of the union. A few years ago there was no Conservative representation; this week about a fifth of the 800 delegates are Tory.

The change reflects a 1973 decision by the Federation of Conservative Students to become active in the union again, rather than any great revival of Conservatism.

Many Broad Left leaders welcome the development, even though it weakens their hold on the union, on the ground that it can only be to the advantage of the student body for its decisions to be seen to be fully democratic.

There is also a clearer identification of opinion at the other end of the political spectrum. The International Socialists, a highly sectarian "neo-Trotskyist" group, are being overshadowed at this conference by a new extreme left grouping called the Socialist Students' Alliance, which wants to build a united socialist alternative to the present Broad Left leadership.

Shifting the whole spectrum several degrees to the right, it is not difficult to imagine that these developments are to some extent shadowing and perhaps foreshadowing similar trends at Westminster.

Communist treasurer: Miss Penny Cooper, aged 24, a communist, was elected treasurer of the National Union of Students. She is in her final year of a sociology degree course at the Polytechnic of the South Bank, London. Before beginning her studies she worked for two years as a civil servant.

## Ex-police chief says he never took money corruptly

Wallace Virgo, former head of Scotland Yard's obscene publications squad, denied at the Central Criminal Court yesterday accepting money from James Humphreys, a self-confessed pornographer. He also said he had not accepted money from Bernie Silver, a former associate of Mr Humphreys, whom he first met when inquiries were being made into the 1965 death of Freddie Mills, the boxer.

Mr Virgo, aged 53, a former commander, now retired, of Horse Lane Orchard, Leedbury, is among six former detectives from the obscene publications squad who have all pleaded not guilty to accepting bribes from pornographers in London.

Mr Virgo referred to allegations made against him by the press and having trouble with the *News of the World* in March 1972. He had been alleged that he went on holiday to Ireland with his wife and Mr Silver, that Mr Silver had paid for the entire trip, and the paper intended printing the story.

This incident took place, he said, a few weeks after an article in *The People* connected with Cyprus and the Humphreys. Mr Virgo said he immediately got into touch with Sir John Warkton, then the Commissioner.

He had been on holiday to Ireland but with his wife only and not Mr Silver. The *News of the World* were told this and the allegation was never published. The paper did not apologise to him.

Mr Virgo said he had never received money from Mr Humphreys. When reminded that Mr Humphreys had alleged handing him £1,000 at the bar of Dolly's Club in Shepherd Market in 1969, Mr Virgo

replied: "That is completely untrue and malicious."

It was, he said, true that Mr Humphreys arranged for him to receive £2,000 a month, nor had Mr Silver, he said. It was a wicked lie and Mr Humphreys hated him.

Mr Donald Farquharson, his counsel, said: "Humphreys claims that on half a dozen occasions in 1970 he paid you himself sums of £2,000 and that on other occasions Silver did."

Mr Virgo replied: "That is completely untrue."

Mr Virgo was taken through items and stories from Mr Humphreys' diary when on a number of occasions the name "Wally" appeared. That name did not refer to him, he said.

Mr Virgo denied receiving money from Mr Ronald Mason, a bookshop operator, who had given evidence earlier. He said that as far as he knew he received no money through the inspector of the obscene publications squad or any other way.

Mr Virgo concluded his evidence-in-chief by saying that during his police service he had never received money corruptly from any source.

Cross-examined by Mr David Tudor Price, for the Crown, he said he stressed to the obscene publications squad at monthly intervals the need for vigilance on corruption in general.

He was referred to a report in *The Observer* on August 15, 1971, concerning alleged corruption by police in Soho, and a *Private Eye* report of a similar nature later the same month.

Mr Virgo said he had written in police files that Mr Richard Ingrams, editor of *Private Eye* and his reporter had admitted that they could not substantiate any part of the story. The trial continues today.

## Running of NHS 'slowed by consensus management'

By John Koper  
Health Services Correspondent

The reorganisation of the National Health Service in 1974 had been used as a scapegoat to be blamed for all the service's ills, the Office of Health Economics says in a report published yesterday. But many other factors contributed to its difficulties.

Those factors included Britain's poor economy, changing health care needs and the shifting balance of professional authority within the service, according to the report on the reorganisation of the health service. It has been sent to the Royal Commission on the National Health Service.

A complex process of organisational adaptation had fostered a belief that the service was being overwhelmed by bureaucracy and discontent. Linked trends such as the emergence of new professional groups and stronger unionization formed part of the process. But, the report says, a decade must pass before proper judgment can be made.

Maintenance of health is no longer seen as the sole responsibility of doctors, the report says. The breakdown of the status of the medical profession has created within the service uncertainty as to how and by whom the discipline necessary for its efficient functioning should be exercised.

Emphasis has been placed on consensus management, slowing and complicating the administrative process, and possibly generating a further loss of purpose and direction.

Much of the "crisis" in the service exists in the context of its being an employer rather than being an efficient provider of services to health care consumers.

watchdogs, which in some cases may never become more than talking shops or platforms for local politicians.

There is also justifiable concern about the efficacy of collaborative arrangements between health and local authorities. But none of those points is strong enough to make an objective observer believe that the reorganized health service is doomed to failure, the report concludes.

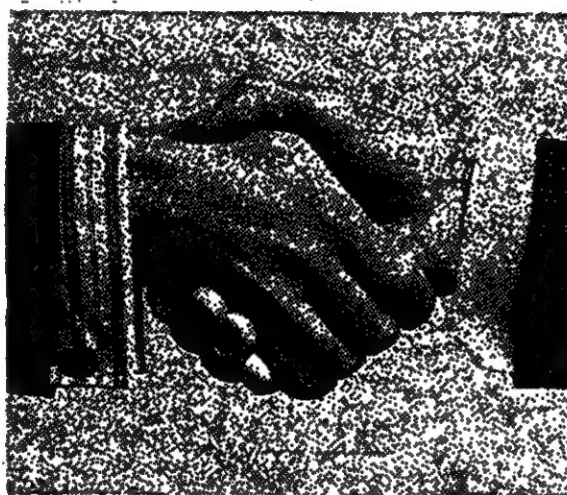
Immediately after reorganization, the report says, management was for two years continuously involved in sorting out difficulties caused by industrial action. That was time-consuming and considerably reduced the service's field capacity to consider future policies. Attention tended to be concentrated by the public and professional people on the ills of the service rather than on the people it exists to serve.

Architects' rebuke: The Royal Institute of British Architects has criticized the National Health Service for the "clumsiness and expensive waste" that followed the 1974 reorganization. Good design and efficient property management had been hindered, the institute says in evidence to the royal commission.

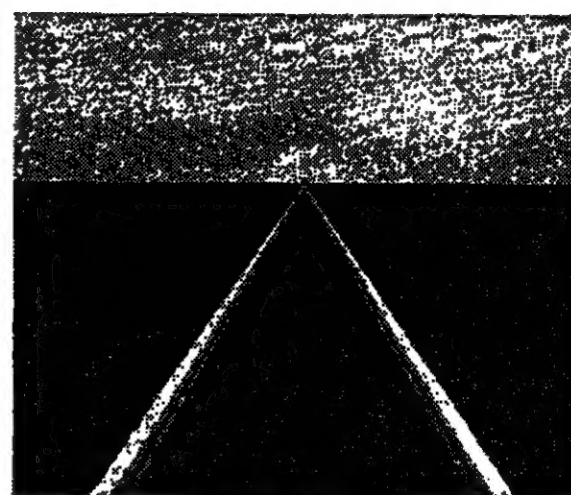
More than 600 architects are employed in the service, with many more from private practice indirectly involved. The service owns one of the biggest estates in the country, but neither the present nor the previous organization has made the best use of land or buildings, the institute says.

Before reorganization some of the estate management difficulties were being overcome but reorganization shattered the arrangements. The character of the buildings in which patients are treated may have a substantial effect on their well-being and on the morale of staff, the institute adds. The Reorganized National Health Service (Office of Health Economics, 162 Regent Street, London, W1R 6DD, 70p).

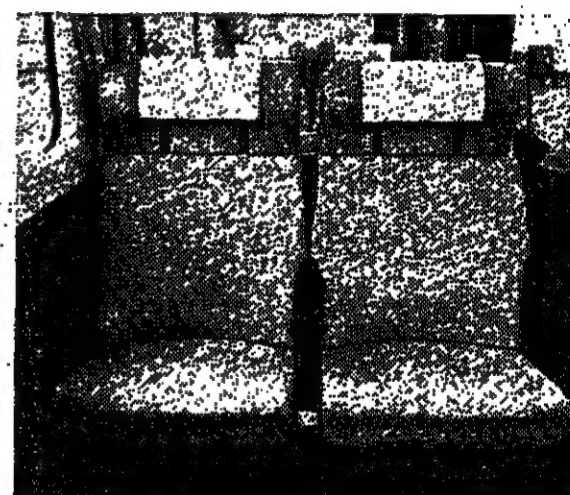
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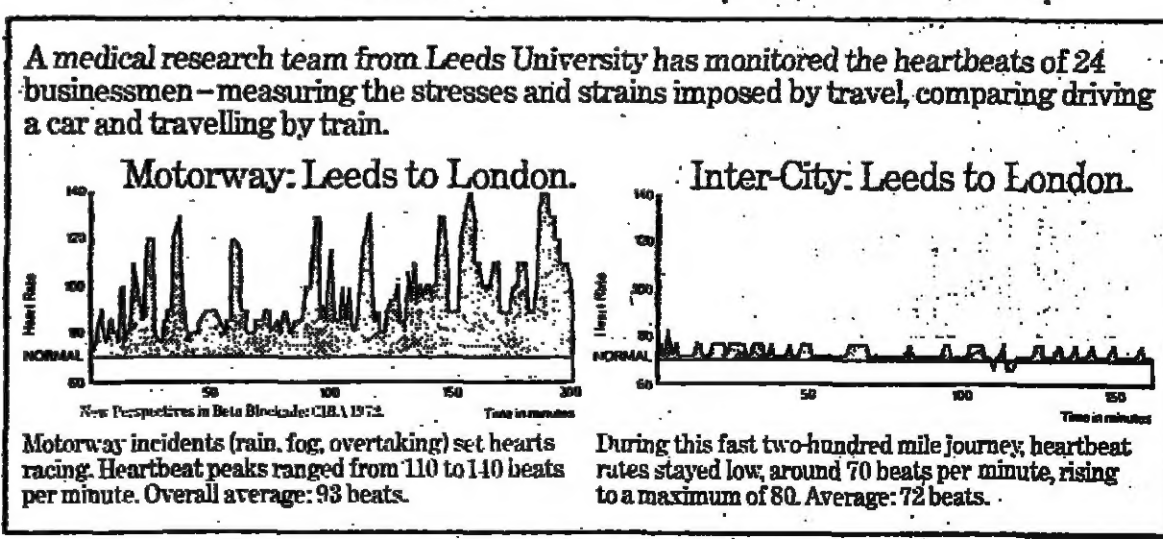
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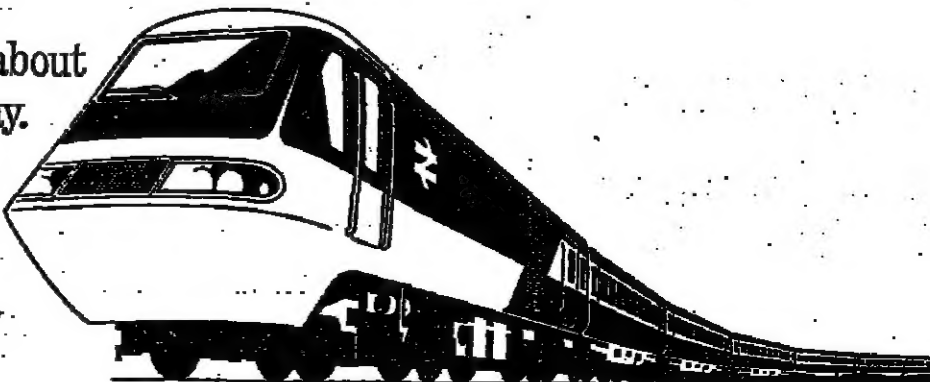


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## HOME NEWS

## Ulster MPs threaten partial Commons ban over IRA killings

From Christopher Walker

In the latest expression of Protestant anger at the continuing Provisional IRA campaign hard-line "loyalist" MPs are threatening to boycott some of the proceedings of the House of Commons.

Details of the protest, which has been discussed in private for some time, were disclosed yesterday by the Rev Ian Paisley, MP for Antrim, North, and one of the most influential members of the United Ulster Unionist Coalition.

He was speaking at the scene of the murder yesterday morning of Mrs Hester McMillan, aged 63, the Protestant mother of a police reservist killed when the IRA launched a machine-gun attack against her remote one-storey cottage in Co Antrim.

The incident was one of the most serious in a year that has seen 39 deaths from terrorism. It began shortly after 7 am when one of Mrs McMillan's sons was driving his lorry down the narrow country road near the family home.

He was ambushed by a hijacked Volkswagen containing four men which pursued him for half a mile. The terrorists repeatedly aimed bursts of automatic fire from the car windows. Eventually Mr McMillan, who had no connexion with the security forces, escaped by turning into a farmyard.

The IRA gang then drove straight back to the isolated

bungalow where his mother, his father, who is 73, and one of his sisters, aged 21, were sleeping. Surrounding the building, the terrorists raked it with automatic fire at close range, breaking every window and killing Mrs McMillan instantly. Neither father nor daughter was injured and it was later disclosed that the reservist who was the apparent target had left home some months before.

Mr Paisley, who was one of the first to arrive at the scene, described the attack as a determined attempt to wipe out an entire Protestant family: "I will have to withdraw from Parliament and appear only when my vote will count against the Government," he said.

"I have talked with some of my colleagues who feel the same way. Our position is that if we go to Parliament and make speeches we are providing a facade for the Government, which by its own policy is destroying Northern Ireland."

Later the Provisional IRA transferred its attention to the security forces, and the IRA launched a machine-gun attack against a police barracks in Belfast. Residents of the predominantly Protestant village left their homes for three hours while army experts defused a bomb planted in a tanker carrying fuel oil.

## Council official obtained £58,869 by deception

From Our Correspondent

Sheffield

After buying his £29,000 house with cheques he signed on behalf of the local authority, Michael Ronald Alderton, the £30,000-a-year deputy director of financial services at Rotherham Metropolitan Borough Council lost interest in his work and went on to obtain a total of £58,869 from the corporation by deception, it was stated at Sheffield Crown Court yesterday.

He pleaded guilty to eight charges of deception between August, 1975, and September last year and was jailed for 18 months. Mr Alderton, aged 32, lives at River Lane, Missen, near Doncaster.

Mr John Deby, for the prosecution, said Mr Alderton

was solely responsible for investments and opened an account in the name of Rotherham Investments, which the council knew nothing about. A councillor also paid money into that account but the police were satisfied he had no knowledge of the council's activities.

Sergeant David Webb said Mr Alderton asked for a composite of obtaining £300 expenses by deception to be made. He had repaid £50,360 and cheques for a further £3,000 had not yet been cleared, leaving £5,500 outstanding.

Mr Paul Kennedy, QC, for the defence, said Mr Alderton was a limited ability but in a position of great trust without experience and support.

## Joys of being a non-motorway addict

With the completion of the motorway network in the North of England some almost forgotten joys are being rediscovered by discriminating drivers who seek out the old trunk routes, now almost deserted by heavy lorries and hurrying businessmen.

The north-west regional office of the Automobile Association reports a steadily increasing volume of requests for non-motorway routes from car drivers of all ages, particularly from those planning holiday

travellers. The motorway system with its "national crossroads" on the outskirts of Manchester enables northerners to be almost anywhere in the country between Plymouth and Glasgow in four hours or less. However, some stretches of the M6 (north to south) and the M62 (west to east) arteries are carrying so much heavy commercial traffic that the private car driver sometimes feels himself to be a small and vulnerable interloper in between masses of steel creating horrifying amounts of kinetic energy.

So for many it is often a joy to go back to such roads as the A6 over Shap Fell and the Nont Sarah's, Snake and Lile of Skye routes over the Pennines and occasionally taking the magnificent link between the North-west and the North-east over the Alston Moor from Penrith to Hexham.

A fairly high proportion of non-motorway addicts, like this correspondent, are old enough to remember those routes in the bad old days when your view was confined to the tailboard of the lorry in front with an occasional near-stopping dash to overtake when momentarily you had a glimpse of a bit of straight road ahead with nothing on it coming the other way.

Those were the routes on which you sometimes became sublimely aware of the fact that you were driving a car, eventually with dramatic travellers' tales of digging, trudging on foot, taking shelter, if you were lucky, in detectable places like Nont Sarah's, a public house, named by a previous owner after the aunt who lent him the money to buy it. Some-

## Regional report

## John Chartres Manchester

times you were stranded in the famous Jungle Cafe at the foot of Shap Fell. In the newspaper business few winters went by without reporting such dramas as the person and his wife who saved the life of a stranded driver suffering a heart attack by making their huge shaggy dog lie on top of him to keep him warm.

On a never really saw the pleasant little villages you passed through: they were just bottlenecks. You could certainly never enjoy the superb vistas of moors, lakes, rainbows and jagged skylines which the hill country of the North always offers to travellers with eyes to see. Dirty number plates and flashing spotlights were all you could afford to concentrate upon.

All that is altered now. If you have to travel from Manchester to Carlisle in two hours you go pounding up the M6 and at least you usually have time to drink in the beauties of one of the most scenic stretches of any motorway in Britain as it passes through the Kendal gorge between the fells of Penrith and Hexham.

But to divert a little and take the old Shap Fell road can be blissful. The Jungle Cafe with its lorry-driver clientele now diverted away has been replaced by the Weyburn Restaurant; the "Levin's clock", put up when the word Leyland referred only to large, extremely good lorries, on the lower slopes of Shap has gone, so has the little windswept cafe where, in the 1960s, summer many potential hypothermia cases were restored to life by mugs of hot sweet tea. The telephone box on the summit, which must have some sort of record for the number of transfers, charge calls made from it, remains and still works.

## Decision in Hosenball case likely today

By Stewart Teadler

Home Affairs Correspondent

Judgment is expected today in the Court of Appeal on the appeal by Mr Mark Hosenball, the American journalist, against the decision to deport him.

The court was told that a minister's statement in the Commons on deportations for reasons of national security could not be "elevated into a statement of rights."

Mr Barry Woolf, for the Home Office, told Lord Denning, Master of the Rolls, and two other judges that a statement by Mr Reginald Maudling, as Home Secretary, in 1971, on representation procedures for

down that a prospective deportee such as Mr Hosenball would be given as far as possible, the right to be heard by the Home Secretary. But Mr Hosenball had never been told anything other than broad allegations.

Mr Woolf said the Immigration Act, 1971, was intended to take away a form of appeal for people facing deportation for reasons of national security.

The statement made by Mr Maudling made it clear the form of representation was set up without any intention that courts could be brought in. Decisions on what information could be given to a deportee must be in the hands of the Home Secretary in a case such as Mr Hosenball's, Mr Woolf said. "In matters of national security it must be for the Home Secretary to decide."

## Sir Harold mourns lost scientific chances

By Pearce Wright

Science is the "Cinderella" subject in government, Sir Harold Wilson said at the centenary celebrations in London yesterday of the Royal Institute of Chemistry. He used the description after discussing some of the lost opportunities in converting scientific achievement into commercially profitable ventures.

"If we had received a £10 royalty on every jet engine sold since 1949 we would have the largest balance of payments surplus in the world," he said. It was only one example within the memory of many of us "when British science was winning its laurels and yet not being clothed with the necessary technology to earn industrial and commercial success."

The 1930s in Britain were an era of relative technological decadence and almost unprecedented scientific advance. Radar, the early flowering of nuclear science, antibiotics, jet propulsion and jet aircraft were established in that time.

Part of the reason for not converting them properly to industrial advantage lay, in Sir Harold's explanation, with the terms of lend-lease in which the Government gave away many of the advantages of those achievements.

However, the responsibility of government for science was much more problematical. "Education had become more relevant, and this does not mean that technological universities and science faculties in other universities should become specialist and functional, and that every scientist emerging should go into scientific work," he said.

He wished to see more university and college trained scientists go into administration, industrial relations, local government, and finance. He indicated that that had begun in the Civil Service; nevertheless he identified as the real problem "where ought science to be?"

He said science was a Cinderella in the Department of Education and that the department was a postbox for scientific subjects. On the other hand science could not be separated from education, yet it ought to be allied with technology.

But technology had to be allied with industry. Thus there was no simple answer for where to put responsibility for science that would satisfy all interests in the subject.

## Mr Jenkins to have talks next month with President Carter

Brussels, March 28.—Mr Roy

Jenkins, President of the European Commission, will visit Washington on April 18 and 19 for talks with President Carter and other senior American officials. It was announced here today.

Mr Jenkins, the former Home Secretary, has had his new job enhanced by a decision at the weekend to send him to the economic summit meeting in London on May 7 and 8. He will represent the Nine member-countries of the EEC as a group.

Mr Jenkins will be in Washington on the eve of President Carter's announcement of his new policy on energy. EEC officials are looking to the announcement with some expectation for they are worried that increasing United States imports of oil will drive up prices.

It will be Mr Jenkins's first trip to the United States in his new job, which he took over in January, only two weeks before Mr Carter's inauguration.

Dr Guido Brunner, the Com-

missioner for Energy, was in Washington in mid-March to see Mr James Schlesinger, the President's top adviser on the subject.

Paris, March 28.—Authoritative French sources said today that Mr Jenkins would attend one special session of the London summit.

Commenting on Saturday's compromise over EEC participation in the meeting, the sources said heads of government of the Nine had agreed that Mr Jenkins should be invited to sit in with the seven delegations in talks on problems within the context of the EEC, basically the North-South dialogue and the multi-lateral trade negotiations in Gatt (General Agreement on Tariffs and Trade).

The sources said these issues would be grouped in a special session of the London summit. Mr Jenkins would not attend the other sessions, which would constitute the most important part of the conference. —Agence France-Press.

## Survivors tell of seconds between life and death

By Our Foreign Staff

The only British survivor of Sunday's crash at Tenerife airport, told her of his ordeal. Mr John Cooper, aged 53, a Pan Am maintenance engineer, was taken to hospital after the crash but was not badly injured.

Mrs Beatrice Cooper said at their home in Frimley, Surrey, yesterday: "John telephoned me this morning. He said it was horrifying."

"He was in the cabin when the crash happened. I am very relieved that he is safe."

In Santa Cruz de Tenerife, Miss Marion Anderson, an American, said she was sitting alone behind the first-class section of the Pan Am aircraft when the crash happened.

"The top of the plane in the front section was sheared right off and there was just a big open place," she said. "I immediately fastened my seat belt, crawled through the debris, jumped down the side of the plane and ran."

"The flames were billowing all around me. Behind me there was just black smoke and flames and constant explosions."

Mr James Naik, comptroller

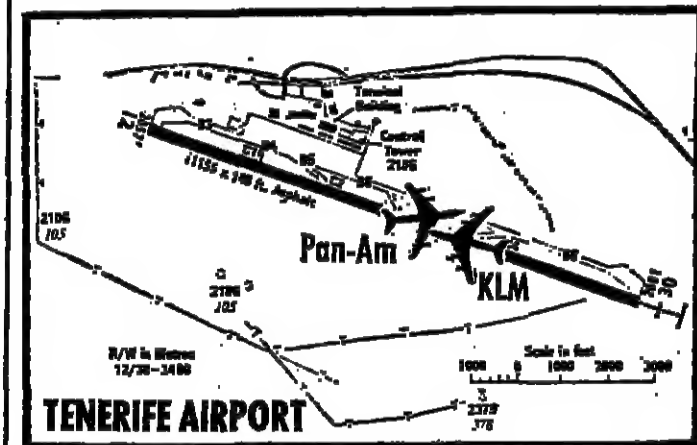
of a Los Angeles tour agency that arranged many of the Pan Am flights, escaped serious injury, but his wife was in serious condition in a Santa Cruz hospital. He said: "She could not take the buckles off her seat belt and I helped her, but she was impossible to move."

"I tried to pull her up and then there was another explosion. I felt the other way and she fell this way. Then, I tried to reach her again. Then there was another explosion. It was so fast that I was thrown out of the plane."

"I looked and the whole plane was on fire. 'Oh God', I thought. 'That is the end of it. Then there was another explosion and she was thrown off.'"

Mr Angus Smith, a Danish travel agent, who saw the crash said some survivors emerged but all except their shoes burnt off them. "They were walking singly, mechanically, without any sort of reaction, like puppets," he said.

"Their skin and hair were more or less burnt and they were used to lie down on sofas and doctors attended to them while waiting for ambulances to take them to hospital."



The KLM jumbo (right) had begun its take-off run before the Pan-Am aircraft had turned off the main runway on to the parallel taxiway.

## Communists claim record recruitment

Paris, March 28.—Some 50,000 people have joined the French Communist Party in the first three months of 1977, setting a record.

## Vatican visit by Irish minister

Rome, March 28.—The Pope has received in private audience Dr Garrett FitzGerald, the Irish Foreign Minister. —AP.

## Milan chaos angers mail firms

From Patricia Clough

Rome, March 28

The president of the Italian association of mail order firms, Signor Pietro Sanfelice, took issue in a leading newspaper yesterday to complain about postal chaos in Milan. It was pointless to continue sending his letters by post, because his letters obviously never arrive, he said.

The postal services in Milan have been paralysed for about a month, first by a ministry ban on overtime and then by a staff decision to work strictly according to the outdated and inadequate post office rules.

In a large advertisement in the *Corriere Della Sera* of Milan, Signor Sanfelice pointed out that business worth many billions of lire was being held up, and the jobs of hundreds of mail order workers were in danger simply because the staff were sticking to the regulations.

Signor Sanfelice begged for a reply "preferably by runner." "Despite ambushes, it is the safest way," he said.

## More sign Lome convention

Brussels, March 28

Membership of the Lomé trade, aid and cooperation convention between the European Community and developing countries in Africa, the Caribbean and the Pacific rose to 52 today.

Papua New Guinea and two former Portuguese colonies, Sao Tome-Principe and the Cape Verde Islands signed agreements with the EEC here today.

## Unctad talks disappoint Third World

Geneva, March 28.—Developing countries called today for detailed bargaining to start by November on a projected commodity financing fund. They apparently abandoned hope for substantive discussions at the United Nations Conference on Trade and Development (UNCTAD) held here, conference sources said.

Mr Ali Alatas, the Indonesian delegate speaking for the Group of 77, said more than 100 Asian, African and Latin American states, complained that the industrialized countries had blocked negotiations through discriminatory tariffs, according to the sources.

He was quoted as saying that Third World countries were deeply disappointed and frustrated at the failure of the conference, which opened three

weeks ago, to start drafting an agreement on the proposed common fund.

Hard bargaining on the fund, which would be used to finance reserves, buffer stocks of commodities, would probably begin later in the year after the North-South dialogue which is due to resume in Paris at the end of May.

The proposed \$6,000m (£3,530m) common fund is the central feature of an Unctad integrated programme covering 13 commodities. Its aim is to regulate and stabilize world commodity markets and prices to give Third World states better and more assured returns on exports of raw materials to industrialized countries.

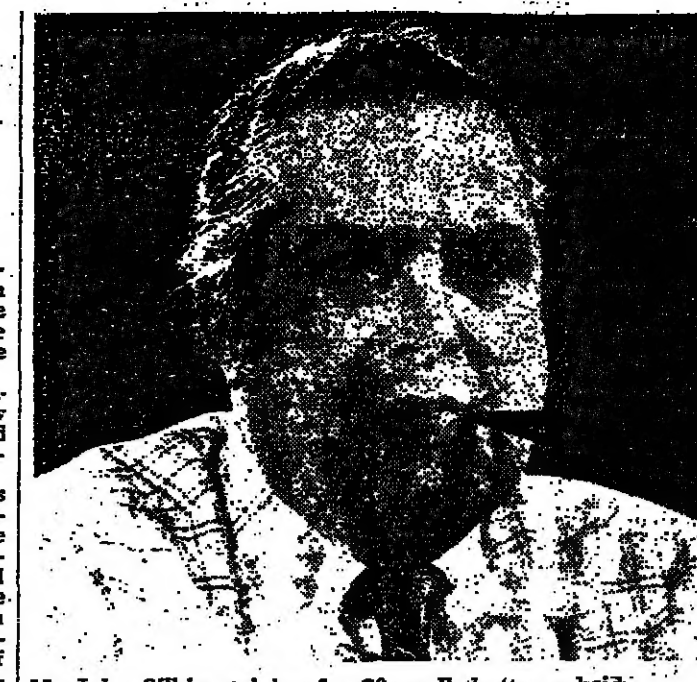
The conference sources quoted Mr Alatas as saying that because of the tactics of the

future of Portugal and Europe. Foreign ministers of the Nine would discuss it at their next meeting in Brussels on April 5.

Under the Rome treaty, the President of the European Commission, and his colleagues to prepare an advisory opinion on the economic, political and institutional implications of Portuguese membership, both for Portugal and for the EEC.

This opinion should be ready by January 1978, at the latest, opening the way for the start of entry negotiations some time later next year.

The Community is already involved in negotiations with the Greeks and could well be faced with an application for membership from Spain before the year is out. The full implications of further enlargement have yet to be seriously thought out.



Mr John Silk striving for 20p a lb butter subsidy.

## British fight to offset farm price rises

From David Cross

Brussels, March 28

As the Community's farm price negotiations went into their fourth consecutive day, it became clear that Britain's main strategy in past years was to offset as far as possible food price increases resulting from any pay award for the Community's nine million farmers.

This overriding concern is likely to prevent any appreciable long-term adjustments of the Community's agricultural policy by, for example, discouraging costly surpluses.

The British hope to hold down food prices overall by persuading their partners to agree to a 20p a lb butter subsidy for consumers paid out of EEC funds. This would more than offset expected price rises over the coming months. They have calculated that it would cost the EEC budget about £190m initially. But they maintain that the net cost would be lower because of savings on funds otherwise required to subsidize overseas sales.

The British are also arguing that a large subsidy would help dairy farmers in other community areas by keeping up a competition in Britain. A figure of an extra 80,000 tonnes a year is being mentioned by officials.

Not surprisingly, Britain's partners are extremely cool

towards the idea of subsidizing British consumers out of EEC funds. The West Germans, who contribute the lion's share of the Community budget, are never keen to see the already high cost of financing its agricultural policy rise any further. They and the French see no reason why the Community should subsidize sales of New Zealand butter as Britain would like.

In return for the butter subsidy, the British are likely to accept a modest devaluation of the so-called green pound, in which their farm prices are calculated. They would probably also have to swallow an increase of at least 3 or 4 per cent for continental dairy farmers in spite of their earlier insistence on a complete freeze on the price of milk.

This would inevitably lead to further encouragement of dairy surpluses in France and the Benelux countries, which have been pressing for a more generous offer than the European Commission's original suggestion of a modest 3 per cent rise in the autumn to be mostly offset by a 2.5 per cent production levy.

The dairy problem remains the most difficult aspect of this year's price review. But after four days interrupted only by sleep and meal breaks, the ministers were tonight still anxious to meet their April 1 deadline.

## Britain urged to approve nuclear power funds

From Our Own Correspondent

Brussels, March 28

Britain will come under strong pressure here tomorrow to lift its veto on a proposal for the raising of loans worth \$500m of account (about £300m), guaranteed by the European Community to help finance the construction of nuclear power stations throughout the Community.

In a direct appeal to the British Government, Dr Guido Brunner, Commissioner responsible for energy, said here today: "It would create a very good impression if Britain could make it possible for these loans to go through."

The question of the loans, which were first proposed two years ago, will be on the agenda of a meeting of EEC research and energy ministers when they meet here tomorrow under the chairmanship of Mr Benn, Secretary of State for Energy.

Britain has hitherto linked its approval for the loan scheme to a decision on a minimum support price of oil,

which the British consider they were promised at an EEC summit meeting in Rome in December, 1975.

Britain attached importance to a minimum support price as a means of protecting its big investment in North Sea oil and the European Commission has suggested setting a price of \$7 (just over £4) a barrel.

At a press conference, Dr Brunner said he believed there was a reasonable chance that Mr Benn could be persuaded to approve the loan scheme in return for an understanding that an oil support price would be discussed at the next meeting of energy ministers in June. He also hoped that a decision would at last be taken on the minimum support price for the Joint European Torus (JET), the ambitious experimental project which could open the way to the commercial use of thermonuclear fusion, a relatively clean and virtually unlimited energy source.

"I think the prospects for a decision are fair," he said.

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## OVERSEAS

## Watergate tapes sale awaits court ruling

Washington, March 28.—The

United States Supreme Court agreed today to hear former President Nixon's arguments against the release for public use of 30 White House tape recordings played during the Watergate cover-up trial of his top advisers.

Mr Nixon's appeal asked the court to overturn a decision by the circuit court of appeals in Washington that the tapes "are no longer confidential" and that copies may be released to the public.

The former President's arguments in the lower court were overwhelmed by those of the three main television networks, a public television service, a news directors' association and a recording company which want the tapes made available.

In a decision last October, the circuit court rejected Mr Nixon's arguments that the tapes release would invade his privacy and prove embarrassing to him. "The embarrassment Mr. Nixon fears it not replication of highly personal matters," the court said.

The tapes, transcripts of which were highly publicized during the Watergate trial of Mr Nixon, Mr John D. Ehrlichman, Mr Robert M. Felt, Mr Kenneth Parkinson, are of conversations within the White House Oval Office.

It released, the tapes would let the public hear for the first time the voices of Mr Nixon and his top advisers discussing the scandal. They would hear the tones and inflections of voice used by each man.

Filing suits last year to have the tapes released were Warner Communications, National Broadcasting Co., American Broadcasting Co., CBS, the Public Broadcasting Service and the Radio Television News Directors' Association.

Warner indicated an intention to reproduce the tapes as gramophone records and cassettes.

Attorneys for Mr Nixon argued that such reproductions would be "played at cocktail parties and in radio productions, and... be exploited in any other fashion."

Mr Nixon's attorneys also argued that release of the tapes could prove harmful to Mr Mitchell, Mr Haldeman and Mr Ehrlichman, who are appealing against their Watergate convictions.

On January 11, attorneys for the networks and other companies seeking the tapes submitted a proposal to a district judge, Mr John J. Sirico, envisaging the national archives selling one-hour tape cassettes. Included in the price would be a complete transcript.

If Judge Sirico approves, and the high court agrees to the release, a full set of the tapes containing about 20 hours of White House conversations could be bought for about \$100 (about £58). —AP.

Leading article, page 17

## New human rights group attacked

Warsaw, March 28.—The Polish Communist Party, daily *Trybuna Ludu*, said today it denounced a new human rights movement here as anti-Polish, and accused its members of "blind servility to foreign and communist centres."

The announcement at a weekend press conference that "movement for the defence of human and civil rights" had been formed drew a lengthy condemnation by *Trybuna Ludu*'s editor-in-chief, Jozef Baracki.

He described an appeal which the movement issued for information on alleged human rights violations in Poland as "an advertisement for the ordinary falsification and political harmfulness."

The appeal's signatories were "almost the same group of people who for many months have been inciting and supplying with anti-Polish propaganda foreign propaganda centres hostile to our country," he said.

Three of the 18 signatories are members of the unofficial Workers' Defence Committee, set up last year to aid workers punished after the 1956 anti-Polish movement here as anti-Polish, and accused its members of "blind servility to foreign and communist centres."

There is no doubt to anyone that the new American administration, by its interpretation of human rights, shows down the decline in the world, the newspaper declared.

The editor took particular exception to an allegation in the new movement's appeal that Poland had been out of line with the 1948 United Nations Human Rights Declaration and the international covenants on human rights which Poland ratified on March 1976.

The article said it would be difficult to find a country which had been as active at the United Nations as Poland in the field of human rights. Poland had drafted more than 100 articles of the covenants, it added.

Signatories of the appeal have said their movement is non-political and they want to cooperate with the authorities in exposing human rights violations. But the article said they had a clear political aim and their document had "unequivocal anti-Polish significance."

—Reuters.

## Mexico restores diplomatic links with Spain

Mexico City, March 28.—

Mexico and Spain today agreed to renew diplomatic relations after a 38-year break, the Foreign Ministry announced here.

Señor Marcelino Oreja, the Spanish Foreign Minister, and Señior Santiago Roel, Foreign Minister of Mexico, agreed to the renewal during talks in Paris today, he said.

Spain and Mexico broke relations after Franco's victory in the 1936-39 Spanish Civil War.

French trawlers in port protest

Le Havre,



## OVERSEAS

## Podgorny communiqué reaffirms Soviet backing for three main southern Africa liberation groups

From Nicholas Ashford Lusaka, March 28

President Podgorny of the Soviet Union today held a three-hour meeting with the leaders of three of the principal nationalist liberation movements in southern Africa.

The meeting with Mr Joshua Nkomo, head of the Zimbabwe African People's Union (Zapu) and joint leader of the Patriotic Front alliance, Mr Ntjofana, president of the South-West African People's Organisation (Swapo), and Mr Oliver Tambo, the external leader of the African National Congress (ANC), took place behind closed doors in the heavily guarded Soviet Embassy in Lusaka.

Afterwards, a beaming Mr Nkomo told reporters that he was "very happy with what was discussed".

A communiqué approved by the three nationalist leaders and the Soviet President was issued but gave little information. However, observers saw the meeting chiefly as a reaffirmation of Soviet support for the three nationalist groups all supplied with Soviet arms, rather than as a discussion of matters of substance.

The communiqué confirmed the Soviet Union's solidarity

with the struggle of the peoples of South Africa, Namibia (South-West Africa) and Zimbabwe (Rhodesia) against the "colonial racist yoke" for freedom, national independence and equality.

The Soviet leader also stated that the Russian people would in future "permanently support the just struggle of the fighters for the liberation of southern Africa".

Just as the meeting was starting the Rev Ndabani Sinoe, a rival Rhodesian nationalist leader, held a press conference at which he denounced the support given by the five front line states to the Patriotic Front. No country or group of countries had the right to predetermine the leadership of the people of Rhodesia, he declared.

Mr Sinoe, a veteran black nationalist politician and for years the principal rival of Mr Nkomo, insists that he is still the leader of the Zimbabwe African National Union (Zanu). But Mr Robert Mugabe, the other joint leader of the Patriotic Front, is now widely accepted as being the head of Zanu.

Mr Sinoe said Mr Mugabe was "a rebel who is being used to destroy and divide Zanu and undermine the armed struggle".

Since the front line presidents decided last January to give exclusive backing to the Patriotic Front, Mr Sinoe has been trying to canvass African support for his organization. During the past six weeks he has visited 10 West African countries, as well as Zaire and Uganda, and claims that many are prepared to back him when the matter comes before the Organisation of African Unity (OAU).

It is becoming increasingly clear that the question of which Rhodesian nationalist organization the OAU is prepared to support is still far from resolved. Both Mr Sinoe and Bishop Abel Muzorewa, the leader of the African National Congress, still have many friends in Africa.

A recent meeting of the OAU foreign ministers in Lomé decided to shelve the issue. It will now be discussed at the forthcoming OAU summit in Libreville, when the organization is expected to divide the organization as deeply as did Angola a year ago.

Mr Sinoe has ruled out any possibility that he might eventually join the Patriotic Front. "It is born of evil and all evil intentions", he said. "I could never associate myself with such a thing."

## Alert in Soweto after shooting by police

From Our Correspondent Johannesburg, March 28

The police went on alert in Soweto tonight after a serious clash yesterday with demonstrating schoolchildren in which the police opened fire.

After earlier denials of any shooting, Brigadier Jan Visser, the police chief, said today that the police had fired at about six warning shots when they broke up a crowd of several hundred schoolchildren outside a YMCA building in the Orlando East district of Soweto.

There were no reports of casualties but 37 blacks were arrested. They appeared in court in Soweto, some in tears, today and were remanded in custody until Thursday on charges of public disorder.

The police broke up the crowd after about 2,000 schoolchildren had turned up at an open-air

church service organized to mark the end of a "heroes week" in Soweto. People killed in Sharpeville and in last year's riots.

The gathering was in defiance of emergency laws banning gatherings and promulgated under the Riotous Assemblies Act. The police took no action until 500 schoolchildren marched to the YMCA building and, according to some reports, began taunting them.

The Johannesburg African newspaper, the Star, said that the police had opened fire without warning.

Accounts of what occurred are impossible to verify independently. The authorities have reverted to issuing passes for white journalists to enter the town only for the night. Officials issuing them are inaccessible at weekends.

## Dr Owen's busy schedule in southern Africa

The arrangements for Dr David Owen's tour of southern Africa, from April 10 to 16, have now been completed.

The Foreign Secretary will see Mr Vorster, the South African Prime Minister, and Mr Smith, the Rhodesian Premier, in separate meetings in Cape Town on April 12. If it seemed useful, presumably the two leaders could confer together.

Dr Owen has a tight schedule beginning with Dar es Salaam, where his talks open on April 11. He spends the next day in Maputo, where he may see Mr Mugabe and other Rhodesian nationalist leaders as well as President Machel, before going on to Cape Town.

After his talks with Mr Vorster and Mr Smith, which are the centrepiece of his tour, he flies to Harare on April 14, having spent the night in Johannesburg. His last stop will be at Lusaka on April 15.

## SW Africa poll on independence

From Our Correspondent Johannesburg, March 28

Whites in the ruling National Party in South-West Africa (South-West Africa) are to vote tomorrow on whether to hold a referendum over constitutional proposals for the territory.

They are being asked to give a straight "Yes" or "No" to the proposals made at the national constitutional talks in Windhoek, the so-called Turnhalle talks, that a racially-mixed interim government be set up to guide the territory to full independence.

Black delegates at Turnhalle say they have not covered Pastor Cornelius Ndjaba, leader of the Ovambo, who form more than 40 per cent of the population, said: "It is a white exercise and it's entirely up to them what they decide. But whatever the outcome the interim government will be

established and independence will be achieved by the deadline agreed at Turnhalle."

The congress of the National Party in South-West Africa, however, is also to discuss its federal links with the National Party in South Africa and the likely outcome is that it will vote to become a South-West African party with only the loosest of links with South Africa.

It is also likely to decide that South-West Africa's representation in the South African Parliament—five MPs and one senator, all Nationalists—should end soon. But there is likely to be bitter debate about the future of the South-West African Legislative Assembly, now consisting of 18 members, all Nationalists.

National Party leaders are believed to favour an overwhelming "Yes" vote in the referendum and they are confident they can persuade the rank and file to accept it.

Meanwhile, the South-West African People's Organisation (Swapo), which operates as a legitimate political association inside South-West Africa, is increasing its guerrilla offensive against South African troops from across the Angolan border. According to some military and white political leaders in South-West Africa, Swapo plans to open a campaign of terror against whites in the principal urban centres of the territory.

Swapo's internal wing held a congress in Windhoek at the weekend at which it decided to try to stop the interim government being established. It offered to "talk to the South African Government on the transfer of power to Namibians", but while its preconditions were considerably weaker than previous demands, it is felt unlikely that the Vorster Government, at this stage, will consider them to be negotiable.

## Katangans find support in advance on mining town

Kinshasa, March 28.—Zaire army units have reportedly withdrawn from Mutshatsha, the regional command headquarters in western Shaba province from which operations against Katangan invaders were coordinated.

Though Government spokesmen here stuck to previous denials of the town's capture, missionary, railway, mining and unofficial military sources said that Mutshatsha came under shelling on Friday night and that the Zaire forces retreated to the east.

The Government here was to have flown foreign journalists to the town on Saturday, to show it was still under Zaire's control but the trip was cancelled at the last minute because of what a military spokesman called "inclement weather".

The town had been the western-most point held by Zaire along a rail spur and road from the mining centre of Kolwezi to the region now under the Katangans' control. It was reported last week that Zaire troops had been massing in Kolwezi, preparing to launch a counter-offensive against the invaders.

If Mutshatsha is now in the hands of the Katangans, they are only 100 miles from Kolwezi, where the giant Gécamines copper company has its mines. The mineral wealth of Shaba province accounts for 70 per cent of the foreign exchange earnings of Zaire and Gécamines accounts for nearly 70 per cent of this share. There are 4,000 Europeans in Kolwezi, mostly Belgian.

Catholic missionaries here reported, on the basis of radio communications with Kolwezi, that the city was calm. None the less, the fall of Mutshatsha would be a devastating blow both to Zaire's Army and to the continuing rule of President Mobutu Sese Seko, who has sought to convey the im-

pression—at least for internal consumption—that the invasion from Angola 18 days ago was a serious but manageable threat.

In fact, the Katangans have given great weight to the assessment of diplomatic sources who say that the Zaire Army is poorly trained, poorly paid, poorly fed and highly disorganised. Bolstered by the support of at least some of the people of Shaba, the invaders seem to have consolidated their control of the areas they have taken. They are reported to have established administrative centres and are said to be distributing food in the region.

By contrast, there are unconfirmed but widely believed stories that Zaire troops, who are paid as little as \$20 (£12) a month, are stealing food, deserting or even going over to the invaders.

Observers consider it unlikely that the Katangans will move suddenly on Kolwezi. It is presumed they may first seek to consolidate public opinion in the area so that their actions could be represented as a popular uprising from within Zaire.

So far, the only confirmed battle was at the crossroads village of Kasaji more than two weeks ago where Zaire units were ambushed and badly mauled, reportedly suffering as many as 200 casualties.

What the intentions of the Katangans may be is a topic of continuous diplomatic speculation here. They have declared in broad terms that they want to bring down President Mobutu. There are indications that the diverse exiled opponents of Mr Mobutu in Paris and London have met to coordinate activities against the Kinshasa Government. But diplomats of long service here, recalling the years of chaos and power struggles following independence in 1960, view reports of a unified opposition with some scepticism.—New York Times News Service.



Mr Cyrus Vance, the American Secretary of State (left), begins his first round of talks with Soviet leaders in Moscow yesterday. Opposite Mr Vance is Mr Brezhnev, the party chief, with Mr Gromyko, the Foreign Minister, alongside him.

## Promise to restore India's constitution

From Richard Wigg Delhi, March 28

India's coalition Government promised, when the new Lok Sabha (the Lower House of Parliament) met for the first time today, to take legislative action to restore the balance between the people, Parliament, the judiciary, and the executive after "the traumatic experience of the past two years".

To do this a comprehensive measure would be presented to Parliament later this year amending successive changes so that the balance would once again be "that the founding fathers of our constitution had worked out".

This pledge was given in an address read by acting President Janti and setting out the broad programme of the new Janata (People's) Party Government for Democracy.

The Government said that family planning in India had received a serious setback from the compulsory sterilisation campaign of last year. "Family planning will be pursued vigorously as a wholly voluntary programme vital for the welfare of the nation."

The Government also promised to ensure that All-India Radio, an economic policy, where the new administration faces considerable popular expectations, the main election promise to eradicate destitution within 10 years was confirmed as government policy. It would give priority to the development of agriculture and of small and cottage industries in rural areas.

The present five-year plan (1974-79), much buffeted by

events, would be reviewed to give heightened priority to rural needs and reflect the new Government's thinking.

Mr H. M. Patel, the Finance Minister, did however sound a first note of caution on the Government's economic thinking. "In order to reverse the rising trend in prices and to usher in a period of reasonable price stability, the Government are of the firm view that financing of public expenditure in a manner which would generate inflationary pressures should be eschewed," he said.

The minister was speaking before a vote on account. The budget for the year ending March 31, prepared by Mrs Gandhi's Government, showed a deficit of 4,450m rupees (about £296m).

President Janti said that the election marked "an important milestone in the evolution of our democracy into a healthy two-party system". It was undoubtedly Parliament's day, almost a festive occasion with many eager new members and new ministers dressed in their best with so much whiteness around as to satisfy any launderer's dream.

Reporters in the press gallery assured they can report Parliament honestly again—recalled the dark days of the emergency with the Opposition benches almost empty because the MPs had either been detained or boycotted the proceedings.

Mr Brind Verma, who was out of Delhi on Saturday, was sworn in today as Minister of Industry, together with Mr Jagjivan Ram, Mr H. N. Bahuguna, Mr George Fernandes and Mr Raj Narain.

## The man who defeated Mrs Gandhi gives a warning about women in politics who 'go devilish'

New York, March 28.—Mr Morarji Desai, the newly-elected Indian prime Minister, thinks women should stay out of politics, according to an interview in Times magazine.

"Women on the whole have better qualities than men, and on the whole they do not go as devilish as men. But when a woman becomes devilish, she beats all records. No man can equal her," he said.

In the past he was "the greatest champion of women and put more women in legislatures than anyone else." But, he said, he had changed his

views after the experience of women prime ministers in Sri Lanka, India and Israel.

He added: "And (Mrs Margaret) Thatcher will be the same if she becomes Prime Minister of Britain, let me tell you that."

Of Mrs Gandhi, whom he succeeded as Prime Minister, Mr Desai said: "Now I cannot say that she is all devil and nothing good. But the good is suppressed and the devil on top."

"If you ask me what she accomplished in 10 years I don't know. I will have to think about it."—Reuters.

## Bhutto offer to lift the emergency

From Our Correspondent Rawalpindi, March 28

Mr Bhutto, the Prime Minister, today offered to lift Pakistan's seven-year-old state of emergency, free political prisoners and relax press restrictions if the Opposition agreed to end its campaign of agitation against the Government and returned to the National Assembly.

He made the offer in his address to the National Assembly after being sworn in for a second term as Prime Minister, stating that he was prepared to start a dialogue with the Opposition within the framework of the constitution.

But the 36 National Alliance MPs refused to take their seats in the Assembly in which Mr Bhutto's ruling Pakistan People's Party has 155 seats.

Many Opposition leaders, including Air Marshal Asghar Khan, are still in jail. The Opposition has refused to recognize the validity of the March 7 elections, claiming that they were rigged.

Mr Bhutto said he was prepared to wipe the slate clean. The right place to discuss the election and post-election issues was the Assembly. He added that his Government was prepared to set up election tribunals, with High Court judges appointed as their chairmen, to ensure a judicious investigation of the alleged election irregularities.

Although Mr Bhutto's speech was conciliatory in tone, he accused an unnamed Opposition leader of having been involved in an attempted coup against the Government in 1973, when some Army and Air Force officers of middle rank were tried and jailed.

Mr Bhutto turned to the three service chiefs and other officers attending the swearing in ceremony, saying that they all knew that there was conclusive evidence of Opposition involvement in the incident.

The Prime Minister went on to say that he did not believe Opposition boasts that they had received financial support from unnamed foreign countries to defeat him in the elections. He said he could not visualize any country that would want to oppose him. He ruled out Britain despite his decision to leave the Commonwealth six years ago, which was simply a parting of ways for friends.

## Spectators clash with royal tour protesters

Perth, March 28.—Scuffles broke out as angry spectators tore down banners held by some 30 anti-royalist demonstrators during an enthusiastic welcome for the Queen here today.

The Queen and the Duke of Edinburgh appeared to be unaware of the incidents which took place at the back of a cheerful crowd of 6,000 people lining an esplanade where the royal couple walked.

Later, during a speech by the Queen, one demonstrator raised a banner calling for an end to the Government of Mr Malcolm Fraser. About a dozen protesters were thrown before the banner was torn down to loud cheers which briefly drowned out the Queen's voice.

The Queen returns to Britain on Wednesday after seven weeks during which she has visited Samoa, Fiji, Apia, New Zealand, and New Guinea as well as Australia.—Reuters.

## Sailor trying to see Queen falls

Perth, March 28.—A British seaman was seriously injured when he fell to the deck of the Royal Navy supply ship Grey Rover after clambering up the funnel to watch the Queen's arrival in Fremantle Harbour today.

Able Seaman William Witz, aged 31, from Weymouth, was admitted to hospital suffering from a severe chest injury and fractured bones in a foot.—Reuters.

## Carter policy to oppose 'the plutonium economy'

From Fred Emery Washington, March 27

President Carter, in his energy policy statement next month, is expected to make clear his Administration's dislike of "fast-breeder" reactors, which produce weapons-grade plutonium, and its approval of conventional nuclear power plants.

Sharp opposition to "the plutonium economy" was expressed here at the weekend by Dr James Schlesinger, the President's adviser, who will head the proposed Department of Energy.

Mr Carter's policy is generating increased discussion as awareness dawns that he will be asking for sacrifices all round to conserve energy—or at least limit American profitability.

Proposals are being aired for high taxes on big cars with high petrol consumption and rebates for those who purchase small vehicles.

Mr Carter is saying that he expects his popularity ratings in the opinion polls to drop by up to 20 per cent after the announcement.

But it is in the nuclear field that the greatest probability exists for quarrels with allies.

He did not express total opposition to breeder reactors, but he said that the Administration is seeking "a different set of breeder technologies" that would not produce plutonium.

Dr Schlesinger's remarks carry special weight because he is a former chairman of the American Atomic Energy Commission.

## Seven die as police fight cattle rustlers

Nairobi, March 28.—A Kenyan police officer and six cattle rustlers from Ethiopia were killed in a gun fight on Kenya's border with Ethiopia at the weekend.

## Tribal clash kills 3 in New Guinea

Port Moresby, March 28.—Three people were killed and five were taken to hospital when rival tribes clashed with bows and arrows and axes in remote provinces of New Guinea, police said.—Reuters.

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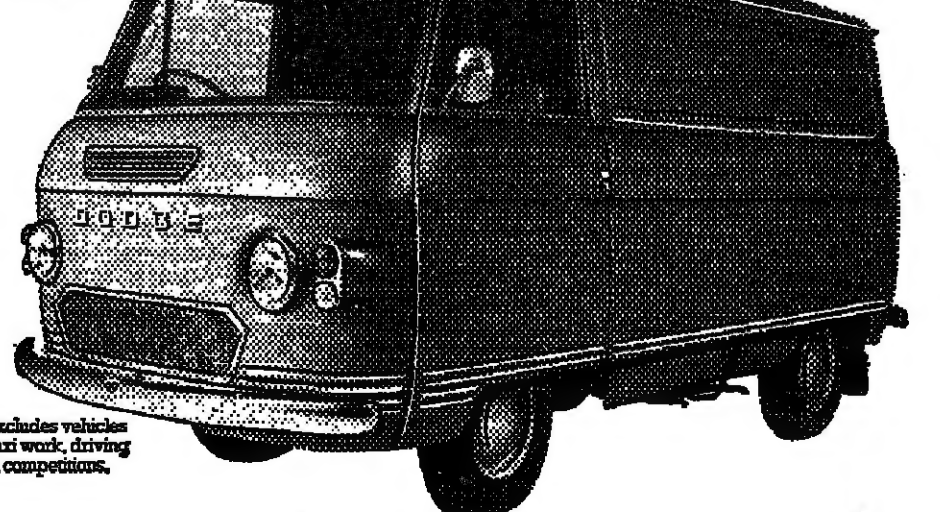
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CHRYSLER UNITED KINGDOM



# Maronites keep top army post in Lebanon

place down without hearing the other side. I am sure the Mayor has got his reasons, but you do not hang somebody without a hearing. We will hear the merits of the case next Monday in court."

Mr. Beame, in fact, did give Mr. a new target. "Reopening of Jax's 3-Ring Circus, one of the fleshpots of midtown Manhattan, was an outrageous subversion of the will of the people," he said.

"For years my administration has been trying to respond to the people's desire that these nuisances be closed and for years the courts have refused to clean up this spreading blight by allowing such places to remain open during the long court proceedings."

The only immediate effect of the Mayor's raid, however, appeared to be to drive business to the places he had been to. The *New York Post* quoted one of the waitresses at Jax as saying: "He came in here looking for votes. We do not have any votes in here. So he had to wiggle. We wave our cut dancers."

Attempts to get decisive action on pornography from the city's board of estimates have just come to nothing. The plan was to use zoning laws to ban pornography from all points, but Mr. Beame announced that he would support a proposal to ban "massage parlours," "adult" cinemas and bookshops, "topless" bars and peepshows, from four of the city's five boroughs, allowing them only in Manhattan.

He was told that this was probably unconstitutional. Shortly before the vote, he announced that he would in fact oppose the measure, with the result that it was defeated.

Meanwhile, business continues in and round Times Square

Beirut, March 28.—The Lebanese Government today appointed a new commander-in-chief, despite protests, by the Lebanese right and a bomb attack against Mr Fuad Buiros, the Defence and Foreign Minister.

The Cabinet issued a decree dismissing General Hani Saeed and appointing Colonel Victor Khoury in his place. The new commander was then promoted to the rank of Brigadier.

Brigadier Khoury, aged 43, commanded an honourable corps in Beirut before the outbreak of the civil war. He was then made deputy commander of the northern zone of Lebanon until the Army disintegrated.

He is reported to have kept out of the fighting, which the predominantly Maronite Christian right was locked in a bloody power struggle with the mainly Muslim left. Brigadier Khoury is a Maronite, like the late commander-in-chief of the Army is traditionally a Maronite.

Earlier today, a bomb explosion wrecked the apartment of Mr Buiros. He and his family were unhurt but another man was killed and several injured, according to Beirut radio.

Right-wingers opposed to the appointment of a new commander-in-chief, blamed the left for the blast. "The communists did it to try to embarrass the right," they said.

At the start of today's Cabinet meeting, President Sarkis condemned the bomb attack and said such acts were aimed at obstructing progress towards peace, radical but not retrograde.

But a right-wing Nationalist Party said it regarded a call by some rightist factions for a general strike today as a negative act with which it was in no way associated. A statement from the Phalangist political bureau said the bureau was the only competent body to make such a decision.—Reuter.

## Queensland looks to a rosy future



**Mr. Johannes Bjelke-Petersen: Queensland's outspoken Premier.**

more dramatic: about a third of Australia's vast coal production, almost a half of bauxite and silver, three quarters of copper, and around 35 and 25 per cent respectively of lead and zinc production. Altogether, Queensland accounts for about a quarter of Australia's gross national product.

Presiding over this much-blessed state is Australia's most outspoken Premier, the authoritarian Mr. Johannes Bjelke-Petersen, who is 65. He came to Queensland at the age of two from New Zealand.

Mr. Bjelke-Petersen has been Premier of Queensland since 1968. In 1974 he led his coalition, consisting of his own

National (formerly Country) Party and the Liberal Party, to a devastating victory over Labour at a time when Mr Gough Whitlam was Australia's Labour Prime Minister.

He embodies the Queenslanders' dislike of federal interference. "When a Minister is elected to the central Government, they seem to get a burning desire to spread their influence and activities", he told me in Brisbane recently.

"They think they have the cure for everyone's ills, but they don't. They just make the situation worse and aggravate the situation."

His battle against Canberra has earned him much local popularity and a good deal of national notoriety. His Government's best known move, initiated in 1974, was to establish the Queensland High Court. The Queen was still Queen of Australia's individual states as well as of the federation.

The move was designed to prevent any future Canberra government declaring a republic and stripping the states of their powers without a referendum.

But the longest-running war is the struggle over money. Canberra is seen as a greedy grabber of taxes, taking too much and giving back too little, with too many strings.

"Federal governments have become overbearing", an official in Brisbane commented last year. "They are not really on, it's only a talking point... But if Queensland decided to go it alone, it could."

Bangkok, March 23.—One of Thailand's senior Army officers today quoted witnesses as saying the leader of an abortive coup on Saturday shot and killed a loyal general in cold blood.

General Kriangsak Chamanand, who is regarded as one of the powerful figures behind the civilian Government, told a press conference that General Hiranyasiri and four of his accomplices would be tried by a military court. Other officers, politicians and businessmen would be tried by a civilian court.

With the attempted coup he said.

About 300 soldiers, allegedly four government barges and 100 tanks, were destroyed Saturday, but surrendered later in the day. General Arong Tantiwan was reported to have been killed when he resisted the coup.

A government spokesman said the ringleaders would be

# Arrested accused of slay rival

charged with rebellion, premeditated murder and creating disorder. They would face execution and would be brought to trial as soon as possible.

General Kringsangk said two of the rebels' hostages, General Prasert Thammamasi and General P. Chaleng, Virapase, saw General Chaiard shoot General Aroon.

The "crude murder" was carried out at close range, with the killers deliberately squeezing off one bullet at a time.

General Kringsangk said. In addition to General Aroon's reported resistance to cooperation with General Chaiard's group, the two men were known to have had a long-standing personal feud.

General Kringsangk said the Government knew a coup had been planned seven or eight years before, but did not know exactly when it would happen.

"I was sitting at the ballroom and making a loud noise, we just picked it with a small pin," he said.—AP.

# made quake da

prison terms from six months to 20 years in case of damage brought about by disregarding safety rules. Twenty of the earthquake death toll stands at 1,570. More than 11,300 were injured and 854 people are still in hospital. According to unofficial sources more than 2,000 people lost their lives in the tremors all over Romania.

The official figures were given by President Ceausescu in a speech at a two-day joint meeting of the party's Central Committee, Parliament and the

# Image worse

Council for Social and Economic Development, which opened in Bucharest today. The meeting is to adopt measures to mitigate the effects of the earthquake and analyse the economic situation and development.

Criticizing the collapse of some new buildings, President Ceausescu referred to the "overblowing of designs" that led to the use of heavy structural elements, such as heavy roofs, concrete floors and insufficiently supported ornamentation.

Father Patrick Barry, headmaster of Ampleforth College, joins the 'great debate' on education

Not long ago I was waiting for a train at York station and found a railway guard doing the same thing. I asked him if he ever had to act as guard on football special. He then went on to tell me all about it. He said and he told me that he was a football referee, a referee and a disciplinarian and a disciplinarian of the young in general.

"I know why it is," he added. "It's because they don't get clobbered as much as the boys on the football field."

To illustrate his point, he told me that when he was a lad, if he got up to any mischief, he would be belted by the local copper. And if, he added, when he got home he told his dad that he had been hit, he would be clobbered. He would have him another belting to make sure. Before asking him why the copper had belted him in the first place.

"If a copper belts a lad now," he went on wistfully, "the parents have the law on him, so the kids can get away with anything. And it's just the same with teachers. Only they are worse, because they encourage the kids to get away with it and that is what is wrong with the country."

It is sometimes useful to wear a clerical collar. On this occasion it saved me from having to reveal that I am a disgrace as well, so that I was able to get away with it on my train. There were a few notions on which I wanted to reflect.

The guard's views were familiar although he had expressed them more picturesquely than most. His was a view shared by an increasing number by no means confined to fascists and the middle classes. Was there anything in what he said? Was he looking back at a past in which—as he remembered it—the young knew their place and, if anyone, got out of line, everyone cooperated to put them right—especially of course if they happened to be young? Of course there were dark sides to the picture, but then there are dark sides to the picture of a picture. I have no recollection of any such an orderly world. If only we could get back to it, wouldn't we be rid of a lot of our troubles and wouldn't everyone be much happier?

Not, perhaps, the most noble of sentiments, but an element of stinging realism. I supposed that the group in the train would have said much the same thing.

As I watched them I allowed myself to be trapped. Usually I know how to avoid conversation in a train; watching the young group had put me off my guard and a large man with grey hair and daring eyes had said: "I don't know better than to live for the moment" and said: "I suppose you find them rather baffling." It didn't matter what I replied because that was only the excuse for starting his lecture.

---

He told me that, if I didn't like what I saw I mustn't blame them. They had been failed by the adults—parents and teachers—who should have given them the opportunity to live for the present stars and pop culture. What had happened, he said, was that since the adult world had given them nothing to identify with they had identified with their "peer group." The world had been unkind to them, of course, an unkind world—a world of fantasy and unreality—but for them it had powerful attractions, especially in the absence of any real communication of other values to themselves. It wasn't long before he revealed himself as a young psychiatrist and he seemed to know all about it. His talk reminded me of a psychiatrist who once tried to explain boxing to me. He had told me that what I had to understand was that the individual boxers were really trying to hit themselves not each other. Once that was grasped everything would be clear.

I was inclined to bow before the storm, but a nice looking man who had sat beside me and who looked as though he belonged to the managerial class of the railway guard's office, said on the side of the railway guard at York although a good deal more subtle and not quite so keen on "belting." He had a family whom he found puzzled him increasingly—especially the five children. He said that the school was too free and easy and gave them

She was in full flight when we reached Perthborough, and the cathedral came into sight. Was there a conflict between discipline and creativity there, I wondered, as the view of the cathedral was gratifying to the eye, but the eyes of the priest shed. The manager, was flinging and I was trying to think of something to say when I suddenly remembered the story of a little girl of about five whose parents moved to a new country so that she had to change schools. After she had been in her new school for about a week, she came home one day and said to her mother: "The new school is all right, but discipline is allowed there." I said that I imagined that the old school had been so progressive that the children had could do what they liked with the result that they didn't achieve and were learning nothing. She said that they were getting anywhere, I suggested that it wasn't only by "belting" and rote learning that you could make children frustrated. You can do it very well by giving them no framework at all. I said that I was not sure of that, where they are going or what to aim at. The child psychiatrist jumped in here and said there was something in that. The little girl in the story, I said, had found a new world in her new school, where she was actually learning something and had the marvellous sense of achievement which is a better incentive to a child—and indeed to an adult also—than the motivation of force. It was probably due to the very fact that she was so appreciated it, but discipline for her was so far from being a means of frustration was in reality a liberation and a platform for achievement which was the very condition of growth.

of the values for which they stood. Even a tenuous response of this nature was beyond price and had to be preserved. If anything was to be achieved, he said, they had to feel that they were valuing the things that were right—the individuality and the integrity—themselves. They couldn't be forced from outside. They had to be won from within.

Of course, he went on to say, or, of the worst things which had happened when the process of identification. Adults had to provide the young with ideas, values, ideals with which they could tenuously identify. The process of identification might involve a good deal of deception. It might be that it had to be there—something with identity, significance, and some degree of accessibility. To achieve this adults had to be adults; they had to be different. Herent, the girls went into reverent silence. They tried to identify with young themselves. Sympathy and understanding was one thing, but trying to be one of them was quite another. I said that he once had a boy who was so close to him that he tried to persuade him to talk to his father. The boy said that," replied the boy, "he's too busy trying to be my pal." It was the other way that adults could make themselves inaccessible—inaccessible, that is, in any sense that counts.

His second point—the second factor in the balancing act—concerned achievement. It should, he said, be fairly obvious but it was extraordinarily hard to teach. It was so hard to teach how easily it could be missed. This was true with a lot of teachers who were good at what they did. They were there for and that was the determining factor in their relationship. They had to have something worth while to teach which brought the pupils to a desirable and desired goal and had to cost them both something and a teacher did not actually teach effectively—Whether it was literature, mathematics or games or fishing or whatever—it did not matter what else he tried to give—he had not given what he wanted to give. The only way he would work. Wherever you got good ideas, you got growth and cooperation. Wherever you got bad teaching you got bored

paid to the mother. the date the  
worked out by the implemented.

The best hope for the poor in the Budget today lies in the expected concessions to remove significant numbers from income tax liability. But any increase in VAT will erode the help from income tax relief, since poor families and pensioners have very little margin for spending on anything but necessities.

The poor are in the unusual predicament of having to rely on fiscal measures for help because Government and parliamentary actions last year have strictly limited the Chancellor's freedom for manoeuvre in this direction. There is little hope that he will do anything to help families through child benefits this year, although he might hint at a better deal next year: but the Government will wait until the last possible moment any announcement on the next increase in pensions and other social security benefits.

Child benefits are accepted universally as the best method for alleviating family poverty, not least because they are paid to families in or out of work and are not means tested. But it is too late to improve them in time for their introduction in April. Because of the phasing in arrangements, worked out in 1975, the Government has now announced that it was reneging on its original proposals. It is unlikely that child tax allowances will be raised in the Budget.

Child benefits involve a transfer of the child tax allowances paid to the father to a

paid to the mother, worked out by the large group involves withdrawal of child as for children aged April, 1979. There when allowances are given. But with an annual before him, the Chancellor raising child tax is a huge thing it is he wants to ease on families with an outside chance increase in child benefit in November, other benefits are have traditionally to announce pension increases, and for a single rise this year. The High on Friday that of calculating the purpose of income tax, reduced last year, because the method decreasing ahead as to account the the delay until May ment of the next

may well take the to confirm that the take place on November to improve real terms. That was last year's last year, the union November only be with inflation by

the date the new rate implemented.

There will be great sure on the Government more than simply covisions for inflation, since have been eroded since the November 1979 took Treasury forecasts ment suggest that the tion rate will be 13 p higher this November t but there are indications the Government wants pensions by 15 per cent.

Although Mr Healey be announcing the acru of the next increases, give some indication scale of rises which he intends to announce is At 13 per cent, the for a married couple rise by £3.20 a week to and for a single rise to £17.30. A 15 per cent increases would be £3.70 ing the married pension £28.20, and £2.30, giv a married pension of £31.50. Increases on that scale give a married unemployed sick man an extra £2.70 at 15 per cent, or £3.20 at 13 per cent, though the benefits of the £23.60 or

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The rates for single people would rise by £1.70 or £2.00 giving a new benefit of £14.60 or £14.90.

Inflation proofing of benefits, which was introduced last year for the first time, caused considerable controversy in November when the series of questions and parliamentary answers showed that it was possible for some families to be better off out of work than in. That was seen as a direct result of benefits being inflation proofed at a time when wages were severely restricted under the pay policy.

That makes it all the more important for tax concessions to help the lower paid in particular, since they are the group more likely to find themselves better off out of work.

Mr Healey is on record as saying that he intends to correct the absurd situation where low paid workers pay income tax, even though their wages are so low that they are entitled to the family income supplement which is designed to give cash help to working families with poverty level wages.

**Pat Healey**  
*Social Services Correspondent*

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will feature  
Sheila Black's  
shopping column  
every week, plus  
Home Extra, an article  
on a topical aspect  
of home improvement,  
furnishing or  
decoration.  
This week the  
subject will be  
spring cleaning.  
Katie Stewart is  
moving, too.  
Her cookery column  
will be published  
tomorrow and every  
other Wednesday  
on this page, and on  
alternate Saturdays  
in the  
Saturday Review.

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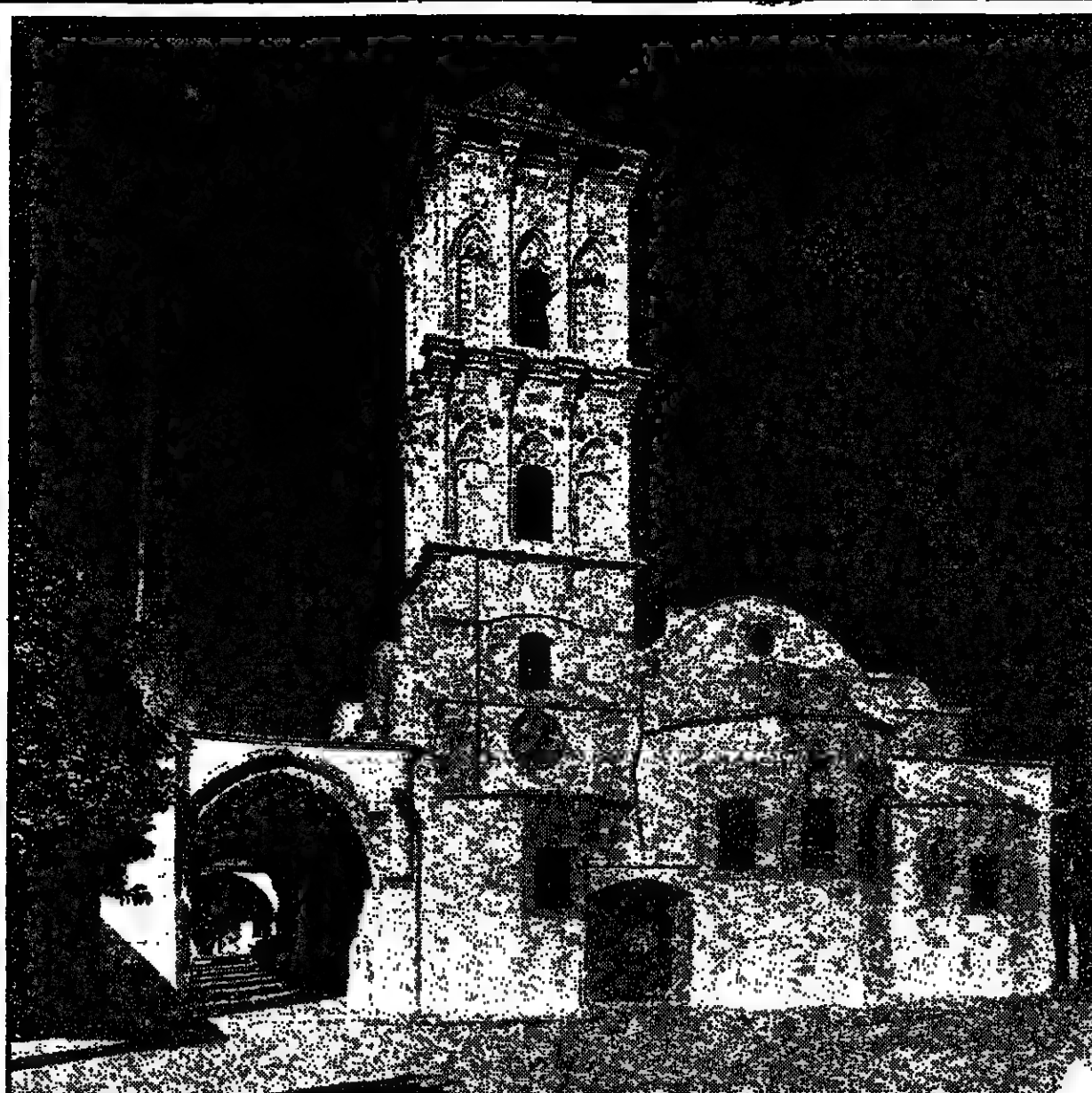
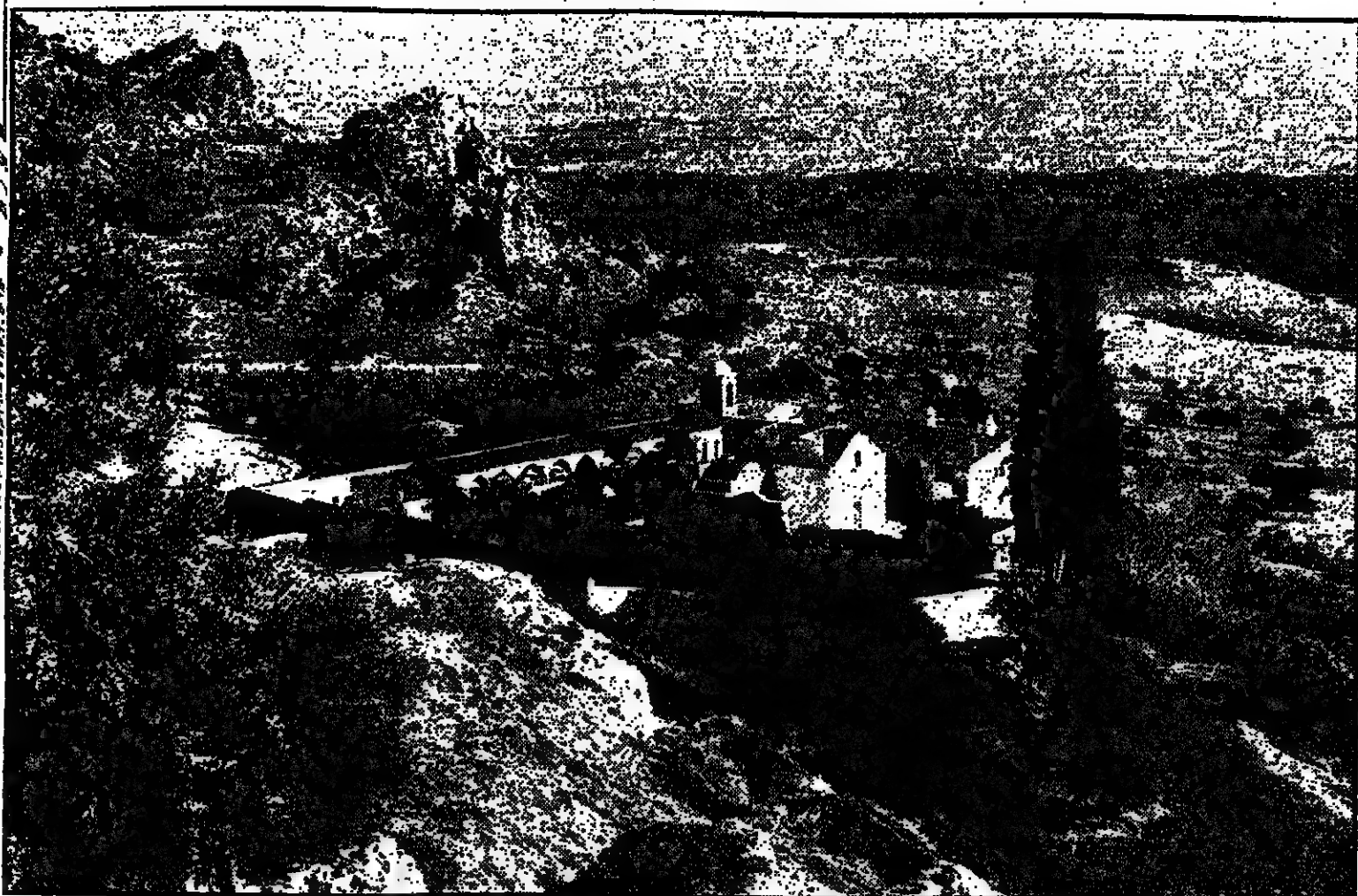






# CYPRUS

a Special Report



Holy Isle: Kyriostomos Monastery, in the hills to the east of Kyrenia. Right: the Church of St Lazarus at Larnaca, which has a tomb said to contain the Saint's remains.

## A time for compromise

The day after tomorrow Mr Tassos Papadopoulos and Mr Umit Suleyman Onan, the representatives respectively of the Greek Cypriot and Turkish Cypriot communities, will meet in Vienna to resume talks on the constitutional future of Cyprus.

The two men met once before, in Nicosia on May 27 last year, but that was to discuss "humanitarian issues". This will be the first official attempt to negotiate a political settlement between the communities since the last Vienna meeting, over a year ago, between Mr Glafkos Clerides and Mr Refik Denkash.

More important, it will be the first such attempt since the two meetings between Mr Denkash and Archbishop Makarios which occurred in

January 27 and February 13 this year.

There is no doubt that these two meetings, which came as a surprise to all observers of the Cyprus conflict, have transformed the atmosphere and made all pundits more cautious in their attempts to predict the future course of the dispute.

Before January 27 Cyprus was surrounded by almost unanimous pessimism. Turkey and its protégés in the Turkish Federated States of

Cyprus appeared to be digging themselves ever more firmly into their position, a fait accompli which the Greek Cypriots were equally determined not to accept.

The Greek Cypriots put their faith in international support and were particularly encouraged by the election of President Carter, who had expressed strong concern about Cyprus during his campaign. But the prevailing diplomatic opinion was that external pressure on Turkey would only swamp the Turkish resolution, and that internally the Turkish Government had no freedom of manoeuvre on the Cyprus issue at any rate before the general election, due in October, 1977, but which may now be brought forward to June.

As for Mr Denkash and Archbishop Makarios, the

leaders of the two Cypriot communities, they had lived within a mile or so of each other without ever meeting for 13 years—that is, ever since the precariously balanced constitution (under which one of them was President, the other Vice-President armed with a veto) had broken down in bloodshed in December, 1963.

Mr Denkash expatiated to every visitor on the duplicity and iniquity of the Archbishop, while the Archbishop, as head of an internationally recognized state of which Greek and Turkish Cypriots alike (at least in theory) were citizens, considered it beneath him to bandy words with Mr Denkash who represented only the minority community.

Logically, then, the personal meetings between Mr

Denkash and the Archbishop represented a concession by the latter and a success for the former. But on the other hand the Archbishop had never specifically refused to meet Mr Denkash or disputed his right to represent the Turkish Cypriot community; and in writing politely to the Archbishop to propose the first meeting Mr Denkash adopted an entirely new tone towards his old enemy.

It is clear that both sides were deliberately adopting as conciliatory as possible an approach, mainly to make a good impression on the new American administration.

But it was on Mr Denkash's side that the change was most striking, after two years during which he had appeared to be entirely satisfied with the status quo and interested not in seeking an agreement with the Greek Cypriots but only in putting the blame on them for no agreement having been reached.

Most observers assume that the change received its inspiration from Ankara and reflected the anxiety of the Turkish Government to forestall the expected pressure from Mr Carter.

The Turkish Government's main preoccupation in foreign policy at present is to obtain ratification of last year's Turco-American Defence Cooperation Agreement, negotiated by Dr Kissinger. The agreement, involving long-term arms credits for Turkey, is not at all popular in the United States Congress and many congressmen and senators have made it clear they are not prepared to vote for it unless they are convinced that Turkish policy in Cyprus has been ameliorated. The Carter Administration has been remarkably discreet on the subject, but its attitude to the agreement is also implicitly linked to the Cyprus issue.

The Turks may have hoped that by adopting a more conciliatory tone and by allowing or encouraging Mr Denkash to reach agreement with the Archbishop on the resumption of the intercommunal talks, they could persuade the new Administration that it would be wrong to delay ratification of the DCA any longer. If so, they appear to have failed. Mr Clark Clifford, President Carter's special envoy who visited Greece, Turkey and Cyprus in late February, seems to have handled his delicate role with great diplomatic skill. He took the line that he had come not to prescribe solutions but to find out what existed and try to be helpful, as he said, "if our good offices are desired".

This approach had the double virtue of reassuring the Turks that there was to be no crude pro-Greek pressure (or at any rate not yet) while keeping them guessing about the DCA.

The immediate reaction has been a return to tougher positions, a tactic apparently decided on by Turkey's National Security Council immediately after Mr Clifford's visit. The hardening affects bilateral disputes with Greece in the Aegean besides the Cyprus issue; and the recent visit of the Turkish foreign minister, Mr Caglayangil, to Moscow, should probably also be seen as an oblique attempt to put counter-pressure on the United States.

The real argument at the Vienna talks is likely to concentrate on two essential issues. The first is the territorial delimitation of the two communities. Although they like to pretend the issue is still open, the Greeks now accept that the solution will have to be "bizonal" but they clearly cannot

accept that the Turks should remain in occupation of a zone as large as the 36 per cent of the island they now hold, since they are less than 20 per cent of the population. Both sides have now agreed to the principle that

the Turkish territory should be "equal to the amount and productivity of the land legally owned by Turks before 1974", but Mr Denkash claims that this amounts to 32.8 per cent while the Greeks calculate that it is 20 per cent or less. Clearly a

rough-and-ready compromise is needed.

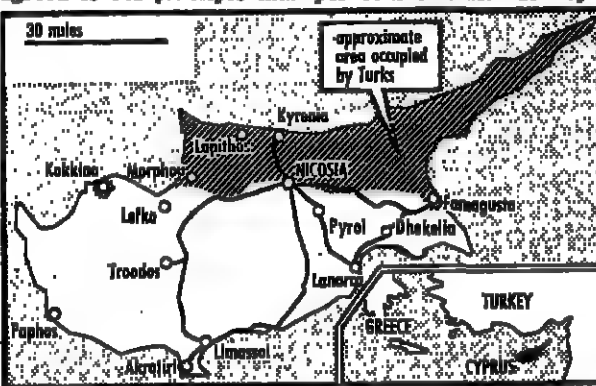
The second issue is the degree of unity of the state to be established, or re-established. Again, both sides agree on the creation of a central federal government. But there is still wide disagreement about the powers it should have, and also about the freedom that citizens should enjoy to move between the zones and make their homes or acquire property in whichever they choose.

Mr Denkash would like the Turkish zone to be as free from central government interference and as pure of Greek inhabitants as possible, while the overriding Greek Cypriot concern is that as many refugees as possible should be allowed to return to their original

homes and that the Federal Government should be strong enough to maintain the essential unity of the state.

The fundamental predicament of Cyprus is the co-existence of two national groups whose historic loyalties both lie outside the island, who have accumulated over the years a formidable list of reciprocal grievances and hatreds, and who in the past three years (for many of them the past 13) have abandoned any ordinary common contacts. Before 1974 the Turks could legitimately doubt whether the Greeks had the political will to overcome this problem. Since 1974 the Greeks can legitimately doubt whether the Turks have. The next few months should provide the test.

Edward Mortimer



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# Government cautious about big revival

by Robert Fisk

You have only to look down at Larnaca port from the air to realise that the Cypriot economy has not just recovered from the 1974 war, but is thriving in a way it never did before the Turkish army invaded the island.

Ships pack the harbour, stern to stern while a small queue of vessels waits in the roads to pick up their cargoes of cement, potatoes, oranges and farm produce.

Nicosia airport found itself in no-man's land when the Turkish advance came to an end two and a half years ago, and grass grew over its runways. But the airstrip built above the beach at Larnaca has already been turned by the Greek Cypriots into an international airport serving seven foreign airlines.

The official statistics which Mr. Patsalides, the Minister of Finance, gave in the Cypriot House of Representatives in February, prove that the initial image is not a false one. Cypriot exports from the Greek-held part of the island were 70 per cent higher last year than in 1973 when the Government controlled the whole island.

In 1973, Cyprus exported

more than £140,000 of cement; last year, the figure was more than £13m although northern Cyprus was in Turkish hands.

Potato exports went up from more than £8.5m to more than £25.5m last year. Although an estimated 40 per cent of agricultural land has been lost to the Turkish army, agricultural production in the Greek Cypriot south showed a marginal increase last year on the 1973 figure for the whole island.

The Greek Cypriot authorities, however, tend to treat these statistics with more caution than overseas visitors might suspect. When you ask members of the Greek Cypriot Government in Nicosia about economic miracles, they reply by reciting a list of political and climatic events that could mean that economic prosperity is a short-term affair.

"When you look at the overall figure," Dr. Iakovos Aristides, the Planning Bureau director general, says, "you might get the impression that everything is going perfectly well and that we can now stand on our own feet as we did before the invasion. But if you look at the details, you can see that a lot of the success is owed to outside factors which, while welcome, cannot be regarded as

permanent. When they disappear, we might have a problem."

Potatoes, for example, were sold at three times the 1973 price because of favourable international prices, the European drought and overseas inflation.

Exports to Lebanon rose from 1973 to 1976 by £24m but this enormous increase was chiefly because the Lebanese civil war forced the population in Beirut and elsewhere to import from the nearest free country with easy access.

A huge increase in cereal production from 7,000 tons to 70,000 tons in three years, is regarded as a product of the fine weather in southern Cyprus last spring and summer rather than human endeavour. Yet the Greek Cypriots have undoubtedly been spurred into greater efforts by their political crisis and military defeat in 1974. Business deals, telephone and telex communications, the purchase of foreign goods, even travel tickets, are much more efficient now than they were before the war.

You can walk into a telephone box in a Greek Cypriot village and dial direct not only to Europe but to villages on the Pacific coast of the United States (although all tele-

phone contact with the Turkish-held north of Cyprus has long been cut off).

In the Cyprus Government's first emergency plan after the war, great emphasis was laid on exports because, before the invasion, much of the local industry catered for the home market.

The airport facilities at Larnaca and the ports were modernised. The Government guaranteed bank loans to businessmen who wanted to restart their commercial livelihoods after losing their property in the north.

Trade missions were sent to Arab countries—Baghdad University is being built by a Cyprus construction company—while the Government planned a large expansion for 1977 in their second emergency plan.

This envisages a total of £15.6m being spent on agricultural and rural development, £12.4m on housing, £21.4m for the special relief fund and self-housing schemes, mainly for Greek Cypriot refugees, and £4.2m for industrial, commercial and tourist development. About £14.2m is to be spent on further improvements to the ports, electricity supply system and telecommunications.

There is no reference in the Greek Cypriot economic plans to a political settlement in Cyprus, although govern-

ment officials do refer to the possibility that the island's economy may be a single unit again.

The Turkish Cypriots release few statistics for their economy which has, at least in monetary terms, been filtered into the Turkish currency system: the Turkish lira is the common coin of northern Cyprus today.

A French firm has been studying the feasibility of a water pipeline running from the Turkish coast to the northern Cypriot coast and the Turks have made some efforts to attract tourists back to Famagusta and Kyrenia. Their travel posters urge holidaymakers to visit the "Turkish federated state of Cyprus".

Yet Turkish Cypriot officials suggest that the frontier between the two communities in Cyprus may not remain a permanent trade barrier and there is every reason to believe that the Turks would welcome some common trading arrangements.

At the beginning of March, there were reports in the Greek Cypriot press that at last some commercial link would be forged between the two sides for the first time since the war. Turks and Greeks, it appears, may cooperate on the construction of a new sewerage scheme for Nicosia.

## Industry getting back on its feet

The "Attila" line—the Turkish frontier which divides Cyprus—almost broke the island's industry after the war of 1974. Factories in the north were cut off from their raw materials in the south, while firms in the south could no longer acquire the raw materials in abundant supply in the north.

The Government of Cyprus was left with construction companies which had no materials (and nothing to build), while the Turks found themselves with considerable quantities of metals, aggregates and lime which were useless to them. They did not even have the manpower in the north to reactivate the tourist industry.

Greek Cypriot finance officials talk ceaselessly of the skill of their entrepreneurs. Since the war, risks necessary to restore

the Greek Cypriot economy after the war were formidable, businessmen had to rather than cater for an almost exclusively home market as they had in the past. They also had to be persuaded to combine industries that were labour intensive yet at the same time prepared for reactivating services, an apparently suicidal undertaking.

Almost at once, Cyprus found an export market for clothing and shoes in Germany, Britain, the eastern block countries and Arab nations. Because inflation was so rapid outside Cyprus, the Cypriot economy was able to keep price rises of its home-produced goods at tolerable levels: the demand increased. In 1973 industrial production in the whole of Cyprus stood at £47.5m, and in 1976 at £47.5m.

Although this represents a loss in productive earning, it nevertheless reflects great credit on the Greek Cypriot economy since the war—the production fell only 23 per cent over a period in which 70 per cent of the island's productive capacity was taken over by the Turkish administration in the north.

Greek Cypriot industry had to be put on a more stable basis. It cannot survive just because exporters are flexible enough to cater for individual customers abroad, like the Arab merchant who buys Cyprus wool for his own place he could buy 500 patterned shirts of his own design. Since 1974, therefore, the Ministry of Finance in the Greek sector has been encouraging outside investment and changing its industrial base. The new plans include:

1. The establishment of a public company to make asbestos pipes for irrigation. Both the raw materials and demand are in Cyprus and the firm should be in operation by June in time for the irrigation project at Paphos;

2. A fertilizer plant based partly on local raw materials which can produce sulphuric acid. Operated by an exclusively Cypriot public company, Helios Fertilizing, it will cost almost £14m and should be in production by 1979;

3. A glazed wall tile manufacturing plant. The Cypriot Development Bank, which is under the full control of the Government, is trying to find promoters for the scheme;

4. A new lime plant using raw materials from Cyprus. The building will replace a factory in the north, a part of the island when the

front line stabilized in 1974. A paper converting plant to make cardboard boxes. A foreign group is showing interest in two factories which will import the pulp and make the boxes in Cyprus.

To encourage investors, the Greek Cypriot authorities have generous depreciation allowances. Public companies pay tax at the rate of 25 per cent rather than 42 per cent. In addition, 3 per cent of foreign exchange brought into Cyprus can be deducted from taxable income.

The low rental industrial estate at Limassol has been expanded while a free zone industrial estate modelled on the free zone industrial estate at Shannon and planned with Irish assistance—will be available at Larnaca.

R.F.

## Agriculture exports reach record

by Alex Efthymiou

There is an old Cyprus folk saying that in bad times one finds oneself "with both feet in cement". This is a graphic description of what happened in Cyprus in the wake of the Turkish invasion, the continuing occupation of just over a third of the territory of the island—including some of the choicest agricultural land—and the transformation of two out of every five Greek Cypriots into refugees.

It is all the more remarkable therefore that agricultural exports in 1976 reached a record £285.2m (nearly £50m), almost double the 1975 figure. Most of the in-

crease is the result of the greatly inflated prices that Cyprus agricultural products were able to command in foreign markets. As Mr. Andreas Patsalides, the Minister of Finance, admitted during his annual address before the House of Representatives in late February, the record export figures were the result of higher prices by 87 per cent and the result of increased production by only 13 per cent. However, a 13 per cent increase in agricultural production in one year is still a remarkable achievement.

This was due to the determined efforts of the Government to reactivate the island economy after the catastrophic blow of the invasion and occupation, with special emphasis on export-oriented agriculture. There was a dual objective of increasing foreign exchange earnings through exports and providing work for the tens of thousands of displaced and dispossessed refugees farmers.

Despite the remarkable statistical improvement in the value of total agricultural exports, Cyprus still has a long way to go before making up the losses suffered as a result of the invasion. This becomes evident in a comparison of the percentage of agricultural produce to total exports, which stood at 5.9 in 1972 and 1973 respectively, but sank to 3.3 in 1976.

Mr. Friso Kolotas, the Minister of Agriculture, said agriculture production rose by 14.6 per cent between 1971-72 and 1976. "This proves beyond doubt that the efforts of the Government contributed greatly to this remarkable achievement," he said. Another basic contributory factor was the industriousness and willingness of Cypriot farmers and animal breeders "to discover and apply new methods as well as the close cooperation they maintained with all the departments of the Ministry of Agriculture."

The interest of the Government in increasing agricultural production is evidenced by the fact that the amount of development budget funds devoted to agriculture increased from an average of 6.7 per cent in the pre-invasion years to 31 per cent in 1976, when a total of nearly £10m was spent for the development of the agricultural sector.

Mr. Kolotas said: "Despite the adverse conditions faced by agriculture in the wake of the invasion, it continues to remain the most basic productive sector of the economy, both from the point of view of its contribution to the gross annual product, and from the point of view of providing employment. Agriculture still leads in the creation of the gross annual product, with a contribution of 16.8 per cent in

1975 and 18.4 per cent in 1976." Before the invasion the share of agriculture in the GNP averaged 20 per cent, with 35 per cent of the economically active population employed in agriculture. The most notable improvement in this sector in recent years was in the cultivation of winter crop potatoes, destined almost entirely for export. Potato exports jumped from 7,515 tons in the 1972-73 season to 21,628 tons in 1975-76 and are expected to reach 40,000 tons by the end of 1976.

Spring crop potatoes are also expected to be a record 160,000 tons this year—with 140,000 tons destined for export, which is another record. It is difficult to forecast the value of this year's combined spring and winter crops as prices are greatly affected by international supply and demand, but the value of potato exports in 1976 reached a record £17.7m (nearly £25m) with the bulk of the exports going to the United Kingdom market (67.7 per cent of the winter crop and 87.5 per cent of the spring crop).

Cyprus was lucky in this respect for several reasons. The main one was the high prices commanded by Cyprus potatoes in the United Kingdom and other export markets last year as a result of the generally poor European production. Another reason was that the main potato producing region remained outside the Turkish occupied zone and potato farmers were able to replace fields lost by planting potatoes where none had been grown before.

The increase in potato production was the direct result of government policy to encourage the cultivation of such field crops, to take advantage of the quick return, and to make up for the severe loss suffered by the economy through the occupation of 72 per cent of the citrus-producing area in Paphos irrigation project.

In its efforts to revitalize agriculture since the invasion the Cyprus Government has also given attention to the maximum use of water resources. For this purpose the Government introduced an emergency water development plan in 1975-76 envisaging the expenditure of nearly £6m. The primary objective was the completion of the distribution systems of a number of existing dams and thus increase the total irrigated area.

The 1975-76 plan and a new two-year plan just going into effect include provision for the start of work on the Paphos irrigation project.

the north of the island. Until the invasion, citrus was the leading export crop. This policy also resulted in a remarkable increase in export-oriented vegetable and flower planting, backed up by a Government-sponsored price inspection scheme to ensure the quality of the crops exported.

The annual export of citrus fruit shrank from an average 200,000 tons in the pre-invasion years to 51,000 in the 1974-75 season and to 64,000 in the 1975-76 season, the value of which was just under £6.5m.

In addition to the loss of citrus revenue Cyprus is also facing difficulties over the disposal of its sizable production of wines and other viticultural products—total exports reached nearly £8m last year, with the United Kingdom as the main buyer. The most serious difficulty arises from the entry of Britain into the EEC and the consequent loss of the previous preferential treatment of Cyprus wine exports. Mr. A. Florides, the Minister of Commerce and Industry, said: "The seriousness of this problem has been raised repeatedly with officials of the EEC and we hope that a favourable decision may be reached during the coming session of the ministerial executive committee."

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The orange harvest. The annual export of citrus fruit has fallen considerably since the invasion.



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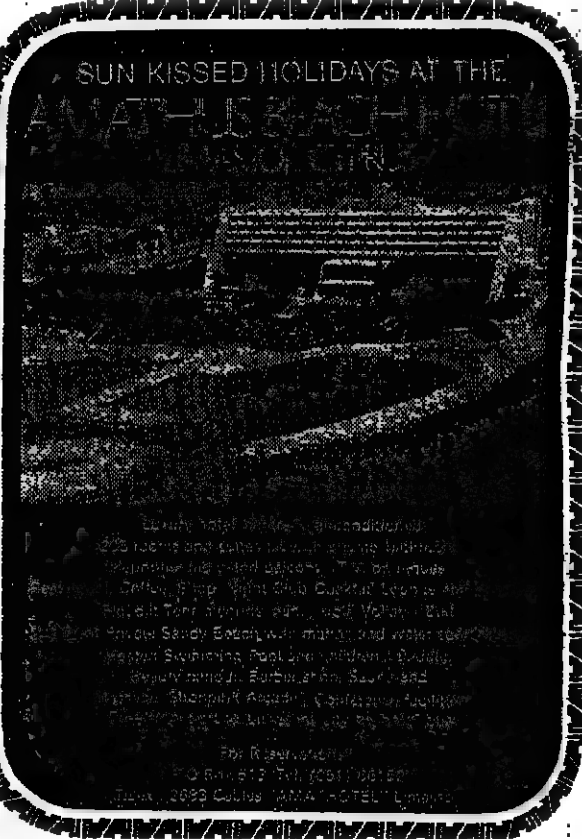
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- Putting into operation of a new computerized automatic teleexchange for local and overseas service in April, 1975.
- Installation of approximately 8,000 new direct exchange telephone lines in 1975 and 1976.
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مكتبة الناصر



## Looted works of art exported illegally

by Kathleen Partridge

Thirteen icons and 15 pieces of Bronze Age pottery stolen from Cyprus have been returned to the island after being intercepted on their way into Britain by customs officers at Dover. The icons had been taken from churches and the pottery from the reserve collection of a museum.

Although the illegal export of stolen and looted Cypriot works of art is believed to have increased considerably since the 1974 Turkish invasion, an international black market has existed for 10 years or more.

The haul recovered at Dover represents only a tiny fraction of the antiquities and icons known to have left the island in that time. Many others have passed through the London sale rooms and are now in collections and museums in Europe and America.

The appalling destruction caused by tomb-robbing in Cyprus first came to world attention in 1971 when an investigation by *The Times* revealed its scale. An entire Mycenaean city had been destroyed and thousands of Bronze Age and other tombs stripped of their treasures, including gold jewelry and valuable pottery. It was disclosed. Up to that time the Cyprus authorities had denied that there was looting.

Both the Greek and Turkish communities had their own police forces, and so it was almost impossible for the Greek-run Antiquities Department to control or prevent looting. Investigations showed that it was largely taking place in the Turkish enclaves where the department's inspectors were unable to operate.

The Turkish dealers were able to operate quite openly in their own enclaves, while



A Cyprus High Commission official interviews customs officers at Dover with the haul they intercepted.

the Greek ones had to conceal their activities. Although nobody knows for certain what is happening, there is no reason to believe that the pattern has changed very much. The man arrested and fined £2,500 at Dover for being in possession of the icons and antiquities was a Turkish Cypriot.

Most of the diggers are simple villagers and too uneducated to realize the damage they are inflicting on the island's long and remarkable history by the destruction of evidence. When archaeologists dig they record minutely. Looters do the reverse, for they do not want it known precisely where the antiquities came from.

By digging up a Bronze Age tomb, a villager can make more money in a night than by working for a year on his small holding.

And he may well know where there are literally dozens of such tombs waiting to be plundered. Professional tomb-robbing spend much of their lives underground in the cavernous graves.

The digger, however, will receive only a small percentage of the market value of the treasure once it has been smuggled out of Cyprus.

Three years ago the authorities in Cyprus uncovered an elaborate scheme to substitute copies of genuine icons displayed in churches on the island for the real ones. Photographs were taken of the genuine icons and were passed to forgers in Beirut who produced excellent likenesses. The copies were then smuggled into Cyprus with the intention of switching them with the originals. The gang was caught, but it is not known

how many swiches had been carried out.

The invasion of Cyprus made such stealth unnecessary and there is little doubt that many icons have been looted from churches and private collections on the island. Also missing are two privately owned collections of rare books about Cyprus.

Until the future of Cyprus has been resolved, and effective control of antiquities introduced throughout the whole island, this situation is likely to continue. The only other possible brake on the trafficking would be for dealers, collectors and museums to insist on details of provenance before purchasing or handling anything from Cyprus. However, the desire to possess such beautiful objects is so strong that ethics tend to be forgotten in the scramble for them.

## Plenty of room on the beach

by John Carter

Before the 1974 invasion and occupation by Turkish forces, tourism was Cyprus's third most important foreign currency-earner. Now it represents just 3 or 4 per cent of those earnings. No amount of talk or publicity effort can alter that harsh economic fact. Yet when one talks to tourism officials on the island and in London the story they have to tell is of expansion and of optimism.

Such optimism is shared, indeed exceeded, by Exchange Travel, the Hastings-based tour company which sends more British holidaymakers to Cyprus than any other company.

As far as its nearest competitor, At the beginning of this year the company announced it was taking "registrations" for holidays in Kyrenia and Famagusta in expectation of a settlement between the communities which would make those two resorts more easily available. Exchange believed that the resorts would be available by September, though the company admits that the response from potential holiday-makers was far from overwhelming.

Put the same question to officials of the Nicosia Government and the Government will hope for a favourable settlement, in tourism terms, by summer of 1978. However, there is a widespread assumption that the handling back of Famagusta to the Greek Cypriot Government was a condition for the resumption of the inter-communal talks in Vienna.

Famagusta and Kyrenia were the two most popular destinations for British tourists, but Cyprus is now busily promoting alternative resorts and trying to make up for the loss of accommodation which occurred as a result of the events of the summer of 1974. "At the moment our number of visitors is 40 per cent of what it was in 1973, the last full year before the invasion. And then we had 80 per cent more beds", Mr F. Theodorou, director of the tourism organization's London office, said.

The actual figures are 50,000 now compared with 116,000 in 1973, but in terms of true holidaymakers the figures need interpretation. Of the 50,000 only 15,000 travelled to the island from Britain on inclusive holidays.

According to Dr Habibis there is still chaperoning for young girls, but there is less insistence that she has to be a virgin on her marriage. "Many girls used to come for a hymen repair. Now they do not. Feeling has changed a lot."

The Turkish Cypriot community in London is much smaller and is estimated at about 40,000. It has no mosque as yet, although there are plans to buy and convert a building in North London to serve this purpose.

Turkish Cypriots live in the Elephant and Castle area in West London, Brompton, Stoke Newington and Cockfosters. They work hard and their children have a reputation among North London education authorities for good scholastic results. Many of the second generation go on to university.

Mr O. F. Moutzade, the London representative of the Turkish Federated State of Cyprus, is responsible for the wellbeing of the 40,000-strong community.

The Turkish Cypriot community, Mr Moutzade says, is disturbed that the British media, when reporting the Cyprus issue, appear biased towards the Greek Cypriot point of view. He says: "Many of our people have brothers and sisters killed in the fighting, yet the Turkish Cypriots are always portrayed as the aggressors. I would like the British press to express the views of both sides."

The community does have a number of organizations which bind it together socially. These include student associations, an Islamic association, arts and women's societies and a football federation with 16 clubs taking part in league football.

The oldest of these associations is the Cyprus Turkish Association which has been in existence for 25 years and publishes the *Weekly Turkish News*. Its editor, Mr Osman Turkyay, is also a political columnist for the Turkish morning paper, *Bozkurt* and a well-known poet.

As early as 1960 in Cyprus Mr Turkyay advocated finding a common culture for all Cypriots and finding common words in the two languages. "I was attacked both by Greek Cypriots and Turkish. Those who were for cultural assimilation were labelled traitors and I was obliged to leave the country. In 1963 when the inter-communal struggle came, they said I was a visionary ahead of my time. I am still pessimistic. Maybe in 2000 will come a rapprochement, but it must come from both communities."

remains of small significance when set against other countries.

In the meantime Cyprus looks like being sold out for 1977. There is marginal fear of overbooking, but the main efforts of the tourism organization are directed towards extending the season, particularly into October and November. The island's traditional wine festival, held each September, was dropped in 1974 as festivities were not thought appropriate, but it is likely to be restored next October, marking a change of atmosphere and an extension of the season.

"I think it is legitimate to hope that Famagusta will be returned to its inhabitants by 1978", Mr Theodorou said. "With Famagusta we would treble our hotel capacity and would be back once more as a significant destination."

As far as any expansion of tourism is concerned, this can occur only if accommodation is available to replace those hotel rooms lost in the field, especially time as the entire island is directly accessible that can be done only by construction in the south.

"As a tourism organization, we provide long-term low interest loans to investors in the field, especially for the construction of hotels and apartments", Mr Theodorou said. Up to 70 per cent of the total cost of construction can be made available as a 20 years' repayment from the moment the hotel becomes revenue-producing.

As a result of this scheme, several hotel projects are under way—at Limassol, at Ayia Napa, and at Paphos. That last resort is one the Cypriots have promoted strongly as "the new Kyrenia" though its harbour area does not begin to compare with the waterfront at the north coast resort.

If more hotel and apartment accommodation is made available, and assuming a free flow of tourists into Famagusta, Kyrenia and the rest of the northern sector, the Cypriots may adopt a more liberal civil aviation policy.

During recent visits to the island, and in numerous conversations with tourism officials, bankers and the like, I have been struck by their desire to look ahead and to work for a re-created tourism industry. Inevitably, however, those conversations dealt with the past and the present division between the communities. If, as all hope, the barriers come down and the people of Cyprus begin to rebuild their island community, the industry of tourism will be an important factor in welding that community together.

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## A community divided

by Diana Patt

The Cypriot community in London is not only separated from its home island; it is divided within itself. Greek Cypriots are friendly with other Greek Cypriots, Turkish Cypriots know other Turkish Cypriots. Two different languages, two different religions, two different ways of life.

The rift was not always so wide. On Cyprus the two peoples went to each other's weddings, but the communal clashes of 1963 and, more particularly, the Turkish invasion of 1974 have unleashed a great deal of bitterness. Coexistence is an ideal achieved by a few in their places of work, in factories or restaurants, but for the most part ignored.

Socially the two communities do not mix. Heavens and hells, each community hopes for a beneficial settlement and, meanwhile, weighs every word written in the British press for its propaganda value for their side.

The Cypriot immigration is still a new one, the bulk

of them coming to London in the past 10 to 20 years. There are now two generations of London Cypriots—the first generation were peasants for the most part and were content with quite menial jobs. Their children have made great strides, many of them going on to higher education and university to become solicitors, doctors, or engineers.

The social climb has begun, with people moving from one or two rooms in Camden Town and Kenilworth to Islington, Enfield or Hendon.

No one knows just how many Cypriots there are in London, but the leaders of the two communities consider the 1971 census figures have little validity. They put the total much higher, between 120,000 and 150,000, of which only about 27 per cent are Turkish Cypriots.

One man who wants to see Greek Cypriots and Turkish Cypriots get together and does something about it is Mr George Evgeniou, director of the Theatre Technis. The theatre, which puts on plays in Greek and English with actors of all nationalities, began 20 years ago in a Camden garage and is now housed in a railway

shed in York Way, King's Cross. The shed was rebuilt by 12 volunteers, among them carpenters and builders, with money donated by Camden, the Inner London Education Authority and £1,000 in Cypriot donations.

Camden council plans to build houses on the York Road site, so the group is searching for another place. The evening I was at the theatre, the Cypriot Community Workers' Action Group was meeting. The group deals with refugees and their difficulties and estimates that there are between 4,000 and 5,000 in London. One of the group, Mr Alper Ali Riza, said: "Refugees are facing a hard time over getting visas renewed. The Home Office calls them long-term visitors, not refugees, but these people cannot return to Cyprus as their homes are occupied."

Dr Homer Habibis, president of the Greek Cypriot Brotherhood, echoed that. He says: "Since the Turkish invasion about 5,000 Greek Cypriots have come to London as a temporary measure. The Home Office is pressing them to leave. People are trying to bid and are under considerable

stress because of the uncertainty."

The Home Office replied: "Where the genuine refugees are concerned the Home Office continues to take a sympathetic and understanding view."

Dr Habibis describes the Cypriot community as "very hard working". Family ties are strong and parents seek to keep a Greek identity. Part of that national identity is the Greek Orthodox Church. It has some 21 churches, mostly former Anglican churches which have been given or bought at a low price.

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The Turkish Cypriot community in London is much smaller and is estimated at about 40,000. It has no mosque as yet, although there are plans to buy and convert a building in North London to serve this purpose.

Turkish Cypriots live in the Elephant and Castle area in West London, Brompton, Stoke Newington and Cockfosters. They work hard and their children have a reputation among North London education authorities for good scholastic results. Many of the second generation go on to university.

Mr O. F. Moutzade, the London representative of the Turkish Federated State of Cyprus, is responsible for the wellbeing of the 40,000-strong community.

The Turkish Cypriot community, Mr Moutzade says, is disturbed that the British media, when reporting the Cyprus issue, appear biased towards the Greek Cypriot point of view. He says: "Many of our people have brothers and sisters killed in the fighting, yet the Turkish Cypriots are always portrayed as the aggressors. I would like the British press to express the views of both sides."

The community does have a number of organizations which bind it together socially. These include student associations, an Islamic association, arts and women's societies and a football federation with 16 clubs taking part in league football.

The oldest of these associations is the Cyprus Turkish Association which has been in existence for 25 years and publishes the *Weekly Turkish News*. Its editor, Mr Osman Turkyay, is also a political columnist for the Turkish morning paper, *Bozkurt* and a well-known poet.

As early as 1960 in Cyprus Mr Turkyay advocated finding a common culture for all Cypriots and finding common words in the two languages. "I was attacked both by Greek Cypriots and Turkish. Those who were for cultural assimilation were labelled traitors and I was obliged to leave the country. In 1963 when the inter-communal struggle came, they said I was a visionary ahead of my time. I am still pessimistic. Maybe in 2000 will come a rapprochement, but it must come from both communities."

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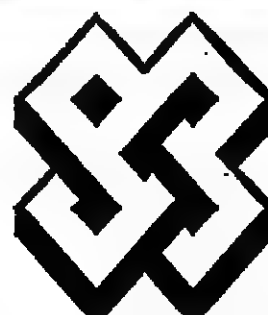
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Bernard Levin

# In incredible detail, the worst death march the world has ever seen

The Khmer Rouge has turned this living country, with its helpless people, into a charnel-house in the name of communism

I did not think that I would so soon return to the subject of Cambodia, that crucified nation of which the world prefers to know nothing. But I have just read a long excerpt from a forthcoming book on the subject, *Murder of a Gentle Land*, by two American writers, John Garton and Anthony Paul. (The excerpt appeared in *Reader's Digest*, who are also the American publishers of the book, and to whom I am indebted for permission to quote from it.)

And what I have there seen described so far exceeds in evil anything I have included in my own articles on Cambodia, though I had felt sure that I had. I fear that I have not done with the subject yet: the worst is not so long as we can say, "This is the worst."

The magazine, in an introduction to the extract, describes the meticulous research and cross-checking that went into the book from which it is taken: several hundred interviews were conducted with refugees—in Thailand, the United States and France—in order to build up a complete picture of what had happened since Cambodia fell entirely into the communists' hands. Such verification, and an account of it, is necessary, for the reader, wading breast-deep through the book, must be able to believe that it is not true, and even I, who have learned enough of what has happened there to be all too grimly sure that it is true, would dearly love to believe that it is not.

For I wrote earlier that the Khmer Rouge have turned a living country into a charnel-house; but this account makes plain that it would be more exact to say that they have transformed it into a charnel-house.

There have been several descriptions already of the emptying of Phnom Penh of its entire population, including all those, however ill, in hospital; it is worth reminding ourselves, from this new account of that particular "Witch's Sabbath," before we go on to episodes described which it becomes almost innocent:

Troops stormed into the Phnom Penh Hospital, and out they went, patients, physicians and nurses alike. "Out! Out! Out!" they shouted. "They must go! They must go!"

There was no distinction between patients, between the convalescing and the dying. Hundreds of men, women and children in pajamas, huddled, struggled out into the streets, where the midday sun had raised the temperature to more than 100 degrees. "One man carried his son, whose legs had just been amputated. The bandages on both stumps were red with blood, and the son was screaming: 'You can't take me like this! Kill me! Please kill me!'"

Some of the communists were young British journalists, who were that the communists were "lipping out patients like porcupines from the streets." The Khmer Rouge must know that from the city's 20,000 wounded will survive.

That same afternoon the communists began to nurse the capital of all printed matter. Rare and ancient manuscripts from temples and museums; the records of government and business; the contents of libraries; dictionaries, medical textbooks; even the contents of the city's hospitals, were targeted. Tens of thousands of books were thrown into the Mekong River or burned on the banks. Unfolded others were burned at a dump, and the libraries of Phnom Penh and Buddhist universities went up in flames.

But nobody knows, and nobody ever will know, how many of the healthy as well as the hospital patients, died in what may have been the greatest forced march

in the whole of human history: within a week, all the cities of Cambodia had been emptied of their inhabitants, and a total of some 3,500,000 people forced into the jungles to fend for themselves. Here are some of the scenes that Garton and Paul describe:

From noon onwards, the masses in the streets multiplied as one by one more families. In the ever-thickening congestion... families advanced no more than 200 yards an hour. There was a huge crowd of every age and condition, young, old and sick. Some could barely walk. Some were dragged others... even people who had been shot in the streets or in the jungles. The water supply ceased throughout the city. The Khmer Rouge were shooting into the air. Go on! Move on! they shouted. No more! No more! they shouted. No more! they shouted. No more! they shouted.

For three hours the Khmer Rouge fired into the piles of dead and dying officers. This was only one of many such scenes throughout Cambodia during the first days after surrender.

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A voice in radio: must it always be middle-aged and middle-class?



Lord Amman: different voices?

Thousands of people of a wide range of interests and ages sent the Amman Committee their views on broadcasting. The present non-specialist advisory committees, whether of authority or local station, are not intended to represent the general public. They are appointed by the bodies they serve, and they tend to be, as one of their members regretfully said, "middle-class, middle-aged and middle-brow."

It may be that only such people are prepared to serve, and for this all praise to them. But the vivid and widespread interest in broadcasting expressed to the Amman Committee convinced Philip Whitehead and myself that if the far wider group who had shown interest could be actively involved in the broadcasting process, there would be to the public benefit as well as their own; and we agreed on a scheme we thought might achieve this.

Let us suppose that the local radio of Cokerdown (but it could be an authority or a regional station) was prepared to have a shot.

Radio Cokerdown makes known by all available means that it is going to launch a group of associates; by publicity in pubs as well as public libraries, in youth clubs and clinics and post offices. It invites interested people to subscribe a small annual sum (say, £3) to become an Associate of Radio Cokerdown, offering the members a weekly programme of discussion and the opportunity to contribute opinions; and also the chance to become a member of Radio Cokerdown's advisory committee.

Chance is the operative word. For the associates scheme is predicated on chance: on choice by lot, a time-honoured and equitable method now in disrepute but surely of appeal in a nation of gamblers. And this is how it could operate.

Radio Cokerdown, serving a community of some 500,000 people, decides it needs an advisory committee of 33 people. It invites the resignation of its present advisory committee and then repudiates eleven of them, nominating a chairman.

Radio Cokerdown then selects by lot 11 members from those who have paid to become associates, so creating, for the first year of the new committee's existence, a composition of 11 experienced members and 11 first-year members from the associates.

For the second year, 11 more associates are chosen by lot, bringing the committee to its full strength: that is, 11 third-year members, including chairman, from the original committee; 11 new experienced second-year associates; and 11 third-year associates.

At the end of the second year, the original 11 resign; the now second and third-year associates choose their year's chairman from the third year; and

11 new first-year associates are chosen by lot. The advisory committee is now self-perpetuating and self-managing, each member serving for three years, and each year's chairman (and other officers) chosen from the third-year members by the third and second year's. Unlike the present advisory committee members, these, though each serving as an individual not a delegate, represent a body of actively interested people.

There are immediately in touch with both their broadcasting organisation and with other associates, the latter through regular newsletters and group meetings, at least one should be at the annual meeting, which would encourage pressure on all associates, not only committee members, will be ready to act as channels for passing on views expressed to them by friends, neighbours and colleagues.

Once the associates are established and have some knowledge of each other, Philip Whitehead thinks it essential that the scheme should add an electoral element, with some committee members chosen by voting among the associates as a whole. I am less keen; but clearly this element could be added if any group wished it.

The members of the Amman Committee who disliked the scheme did so on various grounds: that subscriptions were elitist; that the method would encourage pressure groups; that the people attracted would still be in the middle-aged, middle-class, middle-browed and that the scheme was anyway ridiculous.

I think it wouldn't be unfair to say that there was also distrust of the notion of drawing on real "ordinary people" instead of token ones; but to Philip Whitehead and myself, this was the scheme's major strength. We both believe there are many "ordinary people" of all ages, classes, outlooks who might be different of the move-over-into competitive process of making themselves known; but who would gladly serve if their chance of being chosen to do so was as good as anyone else's.

To the objections, one answer is trial. Success would benefit not only the people concerned but also the broadcasting and its audiences in general.

Marghanita Laski

The pomine drongo who wrote about the new dictionary of Strine on this page last week asserted that it was written by a genuine Australian. He should have shaken his head and realized that New Zealanders have a monopoly of lexicography in all languages including their own. Professor Graham Johnston was born, bred, and educated in New Zealand, with a final polish, if that is possible after such a start, added by Oxford and the Australian National University.

## Why the EEC must say yes and no to Portugal

Portugal's economic woes are a warning, writ large, to Britain

A year or two ago the eyes of this world were upon the seemingly permanent revolution which, many feared or hoped, was turning Portugal into the Cuba of western Europe. Today, though political stability has more or less returned, economic stability is as far away as ever, and constitutes easily the biggest threat to the country's political future.

In fact, without continuing transfusions of foreign financial aid it is hard to see any real hope for democracy in Portugal. Sympathetic foreigners who wish to see it survive (as well as those who do not particularly care) will have to pay, and this applies wherever relations with Portugal are concerned. With a reward for democracy, per head, well below Greece's and just over half that of Spain, it is in Portugal's own interest, as much as the Community's, that she be given time to strengthen and develop her industrial economy and bring it closer to European standards.

This does not mean that Portugal should be turned away from the European Community.

On the contrary, her political development eminently enables her to participate in European political cooperation (which operates separately from the common market), and the Prime Minister, Dr. Soares, should immediately be invited to do so. Dr. Soares personally incarnates Portugal's already intimate political ties with Europe; his Socialist Party won last April's election with the slogan *A Europa conosco*—known to Europe. A former political exile in Paris, Dr. Soares also has many friends and contacts in Britain. He has been guest of honour at a Labour Party conference at Blackpool, and now enjoys the friendship of Mr. Callaghan and many others in the Labour hierarchy (although his policies of late have hardly endeared him to left-wingers like Mr. Judith Hart and Mr. Ian Mikardo).

Indeed, it is thanks in no small way to support from the Socialist International—based in St. John's Wood, London, but financially led by the West German SPD—that social democracy in Portugal came out on top in 1976. The message to the Portuguese electorate was, and remains clear: Soares, with

European (and some United States) backing, or economic ruin and a return to dictatorship.

Portugal's economic woes are Britain's writ large, a caricature—but also a warning—of where living beyond our means could one day get us. Of course, Portugal's problems originate in vastly different circumstances; after half a century under a dictatorship run for the benefit of a narrow business and financial elite, it is not surprising that, come the revolution, there was lots more beer for the workers as Salazar's hoard of money reserves was gleefully raided and benefits belatedly distributed to the masses—the poorest in the whole of Europe.

Now the minority Socialist government, harassed by a refugee problem and beset by the international recession, is struggling to cope with the inevitable hangover. Falling output, especially in agriculture, necessitated a sharp increase in imports, which have had to be paid for out of Portugal's once sizable reserves. These have dwindled almost to nothing, and the government is now faced with an apparently unbridgeable

payments deficit and a foreign debt burden of growing magnitude. Industry is bedevilled by a high—though recently falling—rate of absenteeism, low productivity, and a chronic loss of confidence on the part of private capital.

The private sector accounts for nearly 90 per cent of Portuguese exports, and nothing much is going to happen for the economy, either externally or internally, until capital is once more persuaded it is both safe and reasonably profitable to invest in Portugal. The reopening of the Lisbon stock exchange at the end of February turned out to be a farcical non-event, with the floor almost empty, and the public gallery crowded with curious onlookers.

The remedies needed to sort the economy out naturally present political dangers, but the government has courageously tackled them in a way designed to share out the burden of the austerity as fairly as possible, even at risk of alienating groups to both left and right. Thus the better-off classes have been hit by a 60 per cent surcharge on luxury imports like perfume, furs and jewelry, and

they resent the scheme for the compulsory purchase of long-term government loans as a forced loan.

On the left, the government has similarly cracked down. Employers may once again dismiss workers for absenteeism; overtime has been limited to 10 per cent of the normal working week, and a 15 per cent wage ceiling has been set for this year.

Yet there is evidence that the electorate, despite a continuing fall in real wages, is reacting on the whole with maturity and understanding to these belt-tightening measures. In municipal elections, held admittedly three months ago (but after the above measures), the Socialist lost a mere 2 per cent of their share of the poll, which fell from 35 per cent (last April) to 33 per cent. Since then however, yet another austerity package has been forced on the Portuguese government, and people's time imposed by the IMF as the precondition for a \$1,500m loan, which Soares hopes to raise











مكتبة الأمل

Financing  
\$300,000m  
of credit;  
page 21THE TIMES  
BUSINESS NEWS£1.5m Gambian  
ferry deal for  
Scott Lithgow  
—page 20Hattersley price  
concessions  
fail to please CBI  
and Consortium

By Derek Harris

A number of concessions on the Government's proposed new price controls were put forward yesterday by Mr Hattersley, Secretary of State for Prices and Consumer Protection.

But their limited nature brought stormy reactions from an "angry" Confederation of British Industry and strong condemnation from the Retail Consortium.

The CBI is still holding back from promising its support for industrialists who might be asked to serve on the revamped Price Commission—a critical issue for the Government in its aim to set up a tripartite membership of the commission, including trade unionists.

The Government's Bill, expected to be introduced in the Commons before the Easter recess, will give safeguards to companies under investigation by the commission. It will also cut down paper work for companies pre-notifying price increases and will allow profit margin control only a limited life.

There will be a right of appeal against commission recommendations and the Secretary of State's own powers will be more constrained.

But the CBI's key demand that the primary legislation on price control should run only for one year in tandem with phase three pay restraint was rejected by Mr Hattersley, who was speaking at the European Management Forum in London.

There will also be no diminution of proposed powers to freeze prices on which the TUC had urged the Government to take extended powers, such as an option to extend 12 months restraint orders on companies and the imposition of individual price controls at the retail level.

No mention of these last two demands was made by Mr Hattersley but he emphasised: "In several investigations the Secretary of State will be able to freeze prices and charges within the Price Commission's recommendations. This could,

mean a freeze on price increases within a sector or even some reduction in existing prices.

In the field of distribution the commission will be able to recommend a reduction in existing margins which may mean that prices are reduced."

This last point brought the strongest reaction from the Retail Consortium which feels retailers have been singled out for "particularly harsh treatment" under the new controls. To imply that there might be some significant reduction in prices by reducing distribution margins was "totally not" when distribution margins were so slim, the Consortium said.

Both the Consortium and the CBI are preparing for a tough battle in planning down in later discussions the details of controls which will be brought in as secondary legislation. The CBI also regard as vital the establishment of acceptable levels of the safeguards mitigating the effects of a price freeze during investigation.

Mr Hattersley's list of changes after the month of consultation on the new controls included dropping the idea of the Secretary of State initiating investigations into individual price increases. This will now be left to the Price Commission.

He emphasised that controls will cover virtually all prices, including all the nationalised industries except for steel and coal, excluded for KEC reasons. He said he could not accept that the idea of investigations as a whole should be dropped or that it would be dropped when there was no further need for incomes policy.

"The forces of competition acting alone are not enough," he said. "I have also been told that by abandoning the apparatus of rules which comprise the Price Code I am plunging industry into debilitating uncertainty and discouraging investment. In fact, the powers to impose a freeze are strictly and properly bedged about with restraints."

£500m Drax go-ahead  
likely before Easter

By Roger Vielvo

Government approval for the early ordering of the second stage of the coal-fired power station at Drax in Yorkshire is expected to be announced before the Parliamentary Easter recess.

An order for the £500m station would enable C. A. Parsons, the Newcastle-based turbine generator manufacturer, to withdraw the threat of redundancies.

Mr Benn, the Secretary of State for Energy, and Mr Varley, the Secretary of State for Industry, are both strongly backing the project. Their officials are involved in detailed discussions with the Central Electricity Generating Board on how the early ordering should be financed.

The CEGB has told the Government that the station need not be ordered until 1979 and that it should be given financial assistance; it was required before the Parliamentary Easter recess.

Government, led by the Treasury, has contended that a healthy power generation industry is in the CEGB's best interests and that the board, and ultimately electricity consumers, should carry the cost of early ordering.

There appears to be a chance that the CEGB might receive some central government assistance; but if agreed at the current round talks, this would meet all the additional costs.

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Mr Anson, 46, was educated at Winchester and Cambridge and has spent almost all his career in the Treasury, with brief spells in Paris at the British Embassy and in the Cabinet Office.

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1,500 Tate  
jobs to go  
in refineries  
restructure

By Hugh Clayton

More than a fifth of all jobs will be lost in a plan for the case sugar industry published by its largest company yesterday. Tate & Lyle said that refining should stop this autumn in two of the country's six large cane plants.

The announcement came after years of debate about the fate of the British cane industry after entry into the European Community. It was brought to a head by the loss of Australian cane after accession and a British Government commitment to enlarge domestic output of sugar beet.

Mr Frank Thomlinson, chief executive of Tate & Lyle Refineries, said that in the four years from October 1977, 1,535 jobs would be lost, more than a fifth of the industry's total. The number after expected natural wastage would be 438 workers whom "we must seek to employ in other ways."

Mr John Edmunds, national sugar officer with the General and Municipal Workers' Union, said: "Tate & Lyle has no chance of union cooperation in implementing these new proposals unless it produces firm plans for creating suitable alternative employment in the areas affected. Tate & Lyle is highly profitable. It has an absolute obligation to invest in new jobs."

There are two refineries in London, two near Glasgow and two on Merseyside. Tate wants to close the former Manbré & Garton refinery in Hammer-smith in 1980, after transferring some of its capacity to the Thames plant, which is the largest sugar refinery in Europe.

Capacity at the two small Scottish refineries will be maintained at present levels unless supplies of cane raws from the Africa / Caribbean / Pacific group of countries under the Lomé Convention drop after 1980.

The company expects the greatest change to be on Merseyside, which is expected to produce 394 of the 438 surplus jobs. Manbré's Sankey Street plant in Liverpool will be turned into a sugar treacle, liquid sugars and mixes section.

After 1979, capacity at the Liverpool refinery, the second largest in the country, will be cut from the present 550,000 to 300,000 tons a year, equivalent to 380,000 tonnes.

The company issued a three-point plan to create new jobs in the area: "erection of plant on the Vauxhall Road site to manufacture specialty chemicals, expansion to produce 300 jobs; expansion of sugar workshops as an outside engineering service, estimated to give 30 additional jobs; installation of a plant for blending and packaging tea, which will create employment for about 150 people."

A reshuffle of capacity in London will produce new jobs at Plaistow and maintain work at Millwall. Mr Thomlinson said: "We are confident that if our employees are prepared to be reasonably flexible, we can provide a sufficient number of jobs and training which may be different from their present jobs, we shall be able to adjust to the re-orientation plan with our forced redundancy."

It is not clear how many jobs will be lost in a year since Tate and the then-independent Manbré submitted a joint paper about rationalisation to the Ministry of Agriculture, Fisheries and Food.

Manbré called them for closure of the Liverpool refinery with no chance to capacity elsewhere, while Tate recommended a complex option which entailed reduced capacity in London and closure of Sankey and one Scottish refinery.

Tate yesterday said: "The Government has indicated to us that if loss of jobs is unavoidable, the national interest requires that as far as possible jobs should not be lost in those areas experiencing the highest rates of unemployment. This constraint compels us to keep open both refineries in Greenock and Liverpool refinery."

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## Sharper fall in living standards

By Caroline Atkinson

As Mr Healey put the finishing touches to his Budget speech, news of a sharper than expected fall of 3.3 per cent in general living standards in the fourth quarter of last year underlined the need for tax cuts to relieve the squeeze on personal incomes.

The fall in real personal disposable income—which shows the purchasing power of all incomes after allowing for taxes and inflation—pushed living standards back to their levels of three years ago, when the Labour government came into power.

Despite the squeeze on incomes, consumer spending continued to rise during the fourth quarter. People preferred to dip into savings rather than cut spending and there was a very large drop in the savings ratio—the proportion of total personal income which is saved—on 11.6 per cent in the final quarter of last year.

This has been at unprecedentedly high levels of 14-15 per cent during the last three years of rapid inflation, and if the fall continues it would provide

a big—and possibly unforeseen—boost to the economy.

Just as the unexpected rise in savings in 1973 and 1974 deepened the recession, so a fall now would give a boost to home demand which is otherwise commonly expected to remain flat this year.

The difficulty in predicting the savings rate is because it is responsible for much of the uncertainty which surrounds economic forecasts such as those on which Mr Healey has had to base his Budget judgment.

The drop in disposable income during the fourth quarter was particularly sharp because of the boost to incomes in the third quarter from tax rebates as a result of last April's Budget.

These cut the tax take on incomes from £4,581m in the three months from March to June 1976 to £4,110m in the third quarter. Today's Budget announced that the income tax burden by up to £2,500m for the coming financial year, 1977-78, but at least £1,500m of this will merely compensate for the effects of fiscal drag.

Britain's progressive tax

system means that people pay a higher proportion of their incomes in tax as their earnings rise in money terms, even though rising prices could leave them with the same or lower earnings in real terms.

Thus despite the handouts in Mr Healey's last Spring Budget the percentage of personal incomes paid to the Inland Revenue in income tax rose very slightly between 1975 and 1976, to reach 15.8 per cent. The squeeze on incomes under the second tighter phase of incomes policy is now clearly visible.

The total wages and salaries bill rose one per cent in the final three months of last year compared to rises of 4 per cent and 2 per cent in the second and third quarters respectively. The 4.5 per cent increase from the first to the second half of the year is in line with most forecasters' prediction of a 3 per cent earnings rise under stage two.

Union leaders will be unlikely to commit themselves to a further year of pay restraint without substantial tax reliefs from today's Budget

PERSONAL INCOME,  
EXPENDITURE AND  
SAVINGS

Seasonally adjusted

	Total personal disposable income (£1000m)	Savings as a percentage of disposable income	Personal disposable income real index (1970=100)
1974	60,383	14.2	41,465
1975	74,305	14.8	41,338
1976	85,218	15.2	41,124
1974 Q1	19,818	13.0	10,190
Q2	14,419	12.6	10,088
Q3	15,555	14.5	10,482
Q4	16,571	16.1	10,705
1975 Q1	17,437	15.9	10,678
Q2	18,110	14.0	10,262
Q3	18,181	15.1	10,263
Q4	19,587	14.2	10,129
1976 Q1	20,502	14.9	10,347
Q2	20,634	14.8	10,245
Q3	21,918	15.5	10,438
Q4	21,884	11.6	10,094

(1) Equals total personal income before tax and social security contributions and transfers abroad.

(2) Personal disposable income real index by the implied consumer expenditure deflator (1970=100).

£70m foundry move by  
Birmid stirs NEB

By Clifford Webb

Birmid Quilcast, the largest foundry group in Europe, and a major supplier to the motor industry, has created a stir at the National Enterprise Board and Leyland Cars by proceeding independently with a modernisation and expansion programme which could cost up to £70m.

The move is being widely interpreted as an attempt to force the state-controlled car company to complete its own foundry expansion programme, which could involve a further investment of £80m.

A Birmid executive said last night: "We still have time to modify our plans when we know Leyland's intentions."

But industry sources firmly believed last night that Birmid's move would force Leyland to complete its own foundry expansion programme, which could involve a further investment of £80m.

It is now nearly two years since the Ryder report on British Leyland pinpointed the group's foundries as one of the primary areas for investment. Birmid's plans to invest in new foundry capacity levels were 50 per cent below competitors.

It went on: "A substantial programme of investment is needed for BL foundries, not least to bring them up to safety and environmental standards now required. This is not, however, a problem confined to the motor industry, but a national issue which concerns the United Kingdom's industrial base."

"We therefore recommend that once the broad outlines of BL's future are decided, discussions should be held with representatives of the foundry industry both inside and outside BL to plan a strategy of development and investment for the future."

Since then, Birmid has played a leading role in industry-wide talks involving the NEB and Leyland to try to agree a rationalised expansion. There have even been reports that Birmid and Leyland were considering joint ventures.

Birmid's concern at the continuing delay is understandable. Leyland's foundries supply only 50 per cent of its grey iron requirements, and 20 per cent of its aluminium, leaving substantial quantities to be bought. Birmid is the biggest supplier of these outside castings.

It is vital that Leyland should be in a position to indicate its long-term purchasing plans for castings and how these will be affected by new Leyland foundries.

Plans for what, if approved, would be central London's first superstore, were announced yesterday by International Stores, the British-American Tobacco supermarket subsidiary.

International wants to turn premises at present used for tea packing and office space into a 60,000 sq ft (gross) superstore with an associated car park.

Mr Gordon Latham, joint managing director of International Stores, said last night that discussions were taking place with the local authority.

The tea business at present at Old Street, Shoreditch, is eventually due to be transferred to Liverpool after the acquisition by Tate & Lyle of International's Ridgways subsidiary, but the store group retains ownership of the site.

Esso seeks price rise

Esso has followed Shell and applied to the Price Commission for increases in oil product prices. Shell has asked for 2.5p a gallon across the board and Esso's application is thought to be similar.

Detergents group with big  
overseas interests freed  
from UK dividend controls

By Ronald Pullen

Faterson, Zochonis, the Manchester-based merchandising, soaps and detergents group, with important interests in West Africa, yesterday became the fifth company to shake itself free from United Kingdom dividend controls on grounds that the bulk of its assets and earnings are outside this country.

Following in the footsteps of Ocean Wilsons, Nigerian Electricity Supply, Inchcape and the tea plantation groups, McLeod Russell, Faterson, Zochonis announced that it had been told by the Treasury that it is no longer subject to United Kingdom dividend control regulations and that henceforth dividend policy will be determined by normal commercial considerations.

Although PZ only announced a maximum permitted 10 per cent rise to 142p a share from 125p in its interim dividend yesterday because of the uncertainty caused by the dilution of its Nigerian interests from 60 to 40 per cent in the wake of

demands for increased local equity participation, the shares jumped 25p to 225p on the stockmarket in anticipation of a big increase in the 14 times dividend later this year.

It was in October 1975 that the Treasury announced that it would consider applications for exemption from dividend controls from overseas traders, mining, plantation and other commodity based groups most of whose assets and earnings were overseas but were only technically subject to United Kingdom controls because of their domicile in this country.

But it was not until last autumn that Ocean Wilsons, a 15 per cent owned Inchcape associate, paved the way for the groups that have subsequently followed.

The Treasury again emphasised yesterday that this did not represent a significant relaxation in dividend restraint and that there was no acceleration in the number of groups seeking exemption.

Financial Editor, page 21

Insurance claims for Tenerife air  
disaster could amount to \$400m

By John Brennan

The Tenerife air disaster, with the deaths of 570 people in two jumbo jet aircraft, is the single loss to date in the history of civil aviation insurance. First tentative estimates of the eventual claims costs run from \$150m (£88m) to as high as \$400m, about 60 per cent of which will fall on the London market.

The extreme range of possible insurance claims reflects the confusion over liability before a full inquiry. If the Spanish authorities are blamed, passenger liability claims may be limited by the inevitable problems facing passengers' families and executors in bringing legal action against a foreign government body. In the event of one or both of the airlines being found to have been wholly, or even partially responsible, the scale of claims could, as in the case of the Turkish Airlines DC10 air crash near Paris in 1974, rise dramatically. Claims for the DC10 crash have yet to be finally settled, but Mr John Hewitt, chairman of the Lloyd's Aviation Underwriters' Association

believes that the liability will eventually total between £25m and £50m.

Two further factors cloud the picture of possible eventual claims at this stage. First, the Pan American aircraft was carrying passengers from California which, thanks to local welfare provisions, could take a percentage of successful claims in liability cases rather than a flat fee, has acquired the reputation of being one of the most lawsuit conscious areas in the world, a consciousness accentuated by the drastic rise in jury awards on third party insurance claims in recent years.

Secondly, the ages of the passengers involved in the crash are not yet known, and court awards would be linked to age—one of the major factors in delaying settlement in the DC10 claims. The older the average age of the passengers the lower the eventual claims liability.

Passenger liability will remain the major insurance issue until a full inquiry into the crash has been completed, and until it becomes clear whether the crash presages a

protracted bout of legal battles in international courts.

Claims for the aircraft hulls will be a far simpler business. The Pan Am aircraft was insured for \$23m. Of this cover, 45 per cent of the cover was taken by London underwriters, 15 per cent in the French market and the remaining 40 per cent equally between two United States aircraft insurance pools.

The Dutch aircraft was insured for \$40m—40 per cent in London and the balance, in Europe. Much of the non-London direct insurance has been dealt with by London reinsurers and the market estimates that around 60 per cent of the total claims will fall on London.

Despite the actual and potential claims, reaction to the crash has been somewhat equivocal in the insurance market. Aviation insurance premium rates have been forced down by cut-throat competition in the past two years, and underwriters feel that, as the unthinkable has now happened, this crash could mark a turning point and a move towards more realistic

Whitehall  
softens line  
on planning  
agreements

By Peter Hill

Ministers at the Department of Industry have adopted a cautious approach in encouraging industry to negotiate planning agreements with Whitehall.

The response to the concept of planning agreements introduced 18 months ago has been extremely disappointing, and ministers are concerned at the lack of progress.

It appears, however, that Ministers (who increasingly, task of planning arrangements rather than agreements) have decided to stimulate greater interest in the idea of planning deals through discussion with industry sector working parties as part of the industrial strategy.

This concept has been the subject of a detailed review within the Industry department over the past three months and Mr Varley, the Secretary of State for Industry, has stressed privately in talks with industry leaders and trade unions that he is against compelling companies to negotiate planning pacts.

The Government sees planning deals with big companies in the private sector (and with nationalised industries as for-mulizing the present widespread contacts between companies and Whitehall covering the exchange of information on plans and prospects).

Industry has moved away from the concept because of fears about breaches of confidentiality involved in discussions through participation of trade unions.

About a score of companies are involved in what are termed as "operative discussions," which it is hoped will lead eventually to planning agreements.

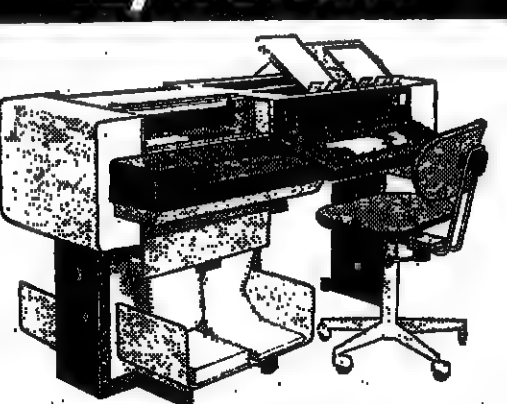
Ministers remain surprised at the reluctance of companies to consider actively the concept, but there is little doubt that the Government hopes to see plans to constructive discussions through the framework of sector working parties.

Earlier this year the Government concluded an agreement with Chrysler UK, while talks with Chrysler Leyland over a similar pact have been frozen in the wake of problems now besetting it.

Mr Varley and his ministerial colleagues appear to have been encouraged to adopt a more flexible approach after the last meeting of the National Economic Development Council when Lord Watkinson, the president of the Confederation of British Industry, supported the idea of discussions within the framework of the sector working parties.

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Willis Faber &amp; Dumas

Interim statements: Barratt Developments



## ICI to spend £35m on fertilizers production

By Our Industrial Correspondent

Investment of £35m in facilities for production of fertilizers was announced by ICI yesterday. The company said that work would start now on the construction of a fertilizer plant with an annual capacity of 450,000 tonnes and on an associated nitric acid plant with an annual capacity of 250,000 tonnes. Both plants should begin operations in late 1979.

The latest investment will represent a substantial expansion of the company's existing fertilizer complex at Billingham on Teesside, and is designed to ensure that the growing fertilizer requirement of the United Kingdom farming industry can be met until well into the 1980s.

Mr. Stuart Hay, ICI's fertilizer director, said: "This substantial investment demonstrates the confidence ICI has in the future of British agriculture and the importance which it attaches to it."

There is an especially strong financial case for more intensive management of grassland, and we expect United Kingdom demand for nitrogen fertilizers to grow by 7 per cent a year.

"Farmers are becoming increasingly aware of the benefits of greater fertilizer use. The resulting increase in agricultural production will reduce imports and help the balance of payments."

The announcement coincided with efforts being made by Thames Nitrogen, the fourth largest British producer of nitrogenous fertilizers, to prevent the permanent closure of its plant at Rainham, Essex.

The company has closed the plant temporarily, blaming the steep rise in the cost of imported ammonia.

Talks have begun between the company and Whitehall officials. Thames has also asked the Office of Fair Trading to investigate ICI's position in the fertilizer market. ICI has refused to supply Thames with ammonia on the grounds that it is fully committed to meeting obligations within ICI.

## Scott Lithgow wins £1.5m order for Gambian river ferry

By Peter Hill

Scott Lithgow, the Lower Clyde shipbuilders, have won an important export order for a cargo passenger ferry from Gambia. The £1.5m contract comes at a time when orders world-wide are hard to secure. The ship is due to be delivered in May next year.

Up to £1m of the contract price will be provided by the Ministry of Overseas Development, as part of Britain's aid programme to Gambia, and the Crown Agents have been involved in discussions for the vessel.

Mr. A. Ross Belch, managing director of the Scott Lithgow group, said last night that the ship would be built by the group's Ferguson Brothers subsidiary, and described the contract as "an important addition to our building programme". The ship will operate between

Banjul on the Atlantic coast along the Gambia river to Basse at the upper limit of navigation on the river.

News of the order came as officials of the organizing committee of British Shipbuilders, the new state shipbuilding organization which will come into operation in July 1, were involved in discussions with Polish experts on the £120m shipbuilding package deal which is expected to be concluded before the end of next month.

One talks centred on finalising the design specifications for three types of vessels for which British yards will be tendering. The next major hurdle will be the raising of finance through a syndicated loan on the London market.

Other orders for United Kingdom yards are in prospect from Nigeria. After government

intervention, Shell has terminated negotiations with Mitsubishi in Japan for the construction of two liquefied petroleum gas carriers. The company is now looking at the possibility of either building the ships in Britain (with Belfast's Harland & Wolff a likely builder) or chartering vessels.

Yesterday the Japan Ship Exporters' Association said that the industry's export order backlog had fallen by nearly 10 million tons in the past 11 months. The backlog at the end of last month amounted to nearly 15.5 million tons, which included nearly three million tons of large tanker orders.

In the period from April last year to last month, Japanese yards won export orders for 499 ships totalling slightly more than 6.5 million tons, with 67 per cent of the contracts for delivery in the 1977 fiscal year.

## Chrysler plant on offer at £700,000

Many companies are understood to have shown interest in purchasing Chrysler United Kingdom's former air conditioning equipment factory in Maidstone on which the company has put a price tag of £700,000.

The plant, on a 240,000 sq ft site near the centre of the town, is being sold as a result of Chrysler's decision to abandon the air conditioning venture after the Government-backed rescue of the American-owned company last year.

The plant, which employed 500 workers, was formerly the Tilling Stevens-Vulcan factory, of which part was let to Chrysler Airtemp.

The Commons' trade and industry sub-committee which investigated the Chrysler rescue said that the continued existence of a separate plant for the manufacture of air conditioning equipment would have been "an anomalous part of Chrysler UK's new rationalized structure".

The plant's excellent labour relations history made the closure particularly unfortunate, said the committee, but in terms of improving Chrysler's overall efficiency it made commercial sense.

Much of the factory's aging equipment (60 per cent of the machine tools were more than 20 years old) has now been removed and the work transferred to the Stoke factory in Coventry and the Luton commercial vehicle operation.

German steel merger denied

From Peter Norman Bonn, March 28

A report that three of West Germany's larger steel companies have been discussing a merger that would create a new giant concern with an annual production of around 11.5 million tonnes of steel, was firmly

## Changes in rates of relief grant interest

By Malcolm Brown

The Department of Industry yesterday announced the lowering of the maximum rate of interest relief grant and interest rates for loans under Section 7 of the Industry Act 1972.

Interest relief grant available in those cases where it would be appropriate to allow the equivalent of an interest-free period on a Department of Industry loan—where firms obtain their finance from other sources—has been reduced from 14 per cent to 13.5 per cent for each interest free year.

The concessionary rate of interest on loans for employment creating projects has been reduced from 11 per cent to 10.5 per cent, while the heavily subsidised rate of interest on loans for modernization projects not providing additional employment is reduced from 14 per cent to 13.5 per cent.

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## Forecast of rise in engineering orders

By Edward Townsend

Britain's engineering companies can expect an increase in new orders this year of 10-15 per cent compared with 1976, according to the latest forecast from the short-term trends working party of the Little Noddy for mechanical engineering.

It adds that forecasts for 1978 are inevitably speculative but on the basis of past experience orders might be expected to peak during 1978 with an overall increase of 5 to 10 per cent above 1977. Measures designed to stimulate the economy, including anything in today's Budget, could make this an underestimate, says the working party.

After last year's drop of almost 5 per cent in engineering production in the United Kingdom, it is expected that output this year will rise by a modest 1 to 2 per cent with a 4 to 6 per cent increase next year.

CBI optimism: In its monthly trends inquiry, published yesterday, the Confederation of British Industry said that its "reasonably favourable" trends in the value of total new orders in the manufacturing industry.

## One in four fail examinations in accountancy

Almost one in four non-graduates who take the final examinations to become chartered accountants are failing to qualify while the failure rate among honours graduates averages 38 per cent.

These high failure rates were given in Belfast yesterday by Mr. Noel Stewart, the retiring chairman of the Institute of Chartered Accountants in Ulster, who said he was extremely concerned about them.

Part of the reason was the pressure of work in accountants' offices which meant that students felt unable to concentrate on their home studies in the evenings.

Mr. Stewart said that the failure rate was a reflection of the fact that the accountancy profession was becoming more competitive.

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## LETTERS TO THE EDITOR

## When a union uses 'blacking' as a lever for recruitment

From Mr. T. Mercer

Sir, My company (an advertising agency), employing about 30 people, was recently "blackened" for three weeks by the print union SLADE because 11 artists refused to be coerced into union membership.

After persistent pressure by the union, their area secretary was invited to talk to our artists. I was present at the meeting and in answer to a question the secretary made his intentions very clear—join the union or we put your company out of business.

On February 2 we were officially "blackened" although a secret ballot by the Industrial Society had confirmed that nobody wanted to join SLADE. On February 10 the union again talked to the artists, this time without any directors present, and a second ballot reaffirmed the findings of the first one.

The "blacking" tightened. Newspapers and printers to whom we had given valuable work for many years were apologetic. "Sorry, we'd like to help, but our employees won't touch your work, it's 'blackened'." It was the stock answer: it became apparent that the company was in jeopardy, and by the end of the day we obtained enough signed forms to satisfy SLADE. These were delivered to the union secretary at approximately 6.15 pm.

The "blacking" was lifted. I asked the company secretary to make out application forms in the names of all studio staff and I spoke to the artists again. I talked very seriously, explaining that not only their future, but that of the whole company was in jeopardy, and by the end of the day we obtained enough signed forms to satisfy SLADE. These were delivered to the union secretary at approximately 6.15 pm.

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BY THE FINANCIAL EDITOR

## Forecast beating from Willis Faber

Our months after its arrival on the market Willis Faber has been able to revise its launch forecast of £15.25m pre-tax to an actual £16.32m and to boost the final dividend by 1p to 7.7p.

And yet, with all this good news and the promise of a "reasonable" growth next year, the shares fell 10p to 237p. The stock market reaction appears to have rested more on irrational worries about the possible aftermath of the Jumbo jet air crash than any lack of enthusiasm for the figures.

And if this is the case it adds weight to the view that new dealers have the faintest idea of what an insurance broker does, other than ride out the value of the pound like a cork and occupy the most prestigious buildings in the Square Mile.

If the market grasped the logic of insurance broking the share price reaction would have been different. As middle men in the insurance transaction Willis Faber has no direct liability. As brokers it can only gain by the occasional crash if it has the effect of improving the currently unrealistically low level of premiums. Callous, perhaps, but realistic.

The results themselves follow the pattern set by earlier preliminary reports from the sector. Underperformance in the United States market continues to provide a premium, and although Willis Faber does not split its earnings, the group does accept that 1976 trading conditions were exceptionally good and is now looking for a rather less dramatic growth next year.

At 237p the shares stand in line with the sector on a yield of 4.9 per cent.

**Final: 1976 (1975)**  
Capitalization £24.8m  
Premium income £68m  
Pre-tax profits £16.32m  
Earnings per share 18.83p  
Dividend gross 11.53p (12.34p)  
Annualized

**Freemans**  
One-off benefits

Freemans' profits for the year to end-September are much better than anyone was expecting; and most of the explanation for that lies in the sales performance. Adjusted to a comparable basis, sales for the year were up by a mere 5 per cent; and if the second-half growth was slightly more impressive at 8.4 per cent (first half sales were down), that still compares well with the rate of inflation and the 15 per cent growth in the sector.

Freemans has in fact been cutting out its less profitable agents, and has seen its volume and its market share drop in the process—by about 10 per cent and one per cent respectively. Margins, however, have shot up on a comparable basis: profits for the year are 29 per cent ahead, after a 23.5 per cent improvement in the first six months.

Weeding out the lower quality business, however, produces one-off benefits and the question now is whether Freemans can sustain some growth from its new higher-margin base. The group isn't chasing market share, but sales so far into the current year appear to be running at the same level, or slightly higher, in real terms, than those of the comparable period; and this and lower interest charges (those for the year were down from £10.1m to £457,000, and borrowings at the balance-sheet date were down from £1.5m to £1.2m) should make for some profits growth.

It will not, however, be of a momentum to compare with that achieved last year, for

apart from anything else Freemans is now taking on new agents to cope with an anticipated boom in 1978. In the meantime the shares, up 14p yesterday to 249p, yield a mere 4.2 per cent; and I don't think there's much room for improvement there.

**Final: 1976-77 (1975-76)**  
Capitalization £44.8m  
Sales £130.54m (£126.82m)  
Pre-tax profits: £10.35m (£8.19m)  
Earnings per share 21.22p (18p)  
Dividend gross 8.19p (7.45p)  
53 weeks

**Barratt Devs**  
Through the fire?

Is the outlook for housebuilding beginning to look slightly better? The ratio of incomes to prices is the lowest for several years; deposits are flowing back into the building societies and an early cut in the record mortgage rate is likely.

But the second half of last year when interest rates were rising and inflows to building societies falling was as grim a patch as the industry has seen and contributed to the collapse of two substantial public companies in the sector, Greaves Organisation and David Charles.

However, during this time when completions nationally were falling, Barratt Development sold 20 per cent more houses than in the corresponding half last year although tighter valuations by building society surveyors resulting from the slack second hand market restricted price increases.

In the first half, profits fell from £4.3m to £3.8m. The number of its units sold forward by Barratt has dropped over the past six months from around 4,000 to 3,200 and as building costs have continued to rise at an annual rate of around 15 per cent, margins are still being squeezed. Meanwhile borrowings have also been rising above net worth of £23m.

The recent acquisition, H. C. Jones, is gaining sales quickly which will show through to profits to a greater extent next year, when there will be a £250,000 increase to rental income and a likely strengthening of its financial position.

The maximum increase in dividend for the year is 13.9 per cent and the yield at 13.9 per cent is attractive enough the future looks more secure. The shares at 80p, down 1p, could well outperform the market.

**Interim: 1976-77 (1975-76)**  
Capitalization £21.5m  
Sales £45.8m (£33.3m)  
Pre-tax profits £3.8m (£4.3m)  
Dividend gross 3.69p (2.81p)

**Paterson, Zochonis**  
Through the 'inchcape gap'

Now that Paterson, Zochonis has negotiated its way round dividend controls, it looks as though the market will need another excuse other than the paucity yield for rating the shares so low.

Although the interim dividend has only been raised 10 per cent to 1.42p gross so far pending clarification of the future of its Nigerian interests and "certain alterations to its capital structure" it is apparent that with last year's dividend covered a handsome 14 times P2 will have no trouble bringing its yield into line with the 24 per cent average offered by the other overseas traders.

However, if it is going to find more favour with the market P2 will have to offer a yield premium to overcome the doubts about the future of its African

interests. Meanwhile, first-half results suggest that the group is not going to match the excellence of its past record.

But with trading profits a third higher at £13.5m it looks as though the African merchanting businesses are still showing plenty of growth while the recent acquisitions of Cussons and Odey Rascans are pulling their weight too.

From the look of things at the moment division of its Nigerian interests from 60 to 40 per cent is going to make a bigger hole in the balance sheet than cutting shareholders' funds by an eighth, than on the profit and loss account which will soon get an added boost from expansion in Greece.

At 225p, up 25p yesterday, the shares are still selling on only around four times this year's earnings while the yield is anyone's guess.

**Interim: 1976-77 (1975-76)**  
Capitalization £35.6m  
Sales £100m (£74m)  
Pre-tax profits £11.67m (£9.11m)  
Dividend gross 1.42p (1.29p)

## Reckitt & Colman Pharmaceutical promise

With rising consumer demand working through to all its main product areas last year Reckitt & Colman found itself well placed to put more beef into sagging operating margins.

The outcome is to push pre-tax profits up 57 per cent—although exchange gains of £4.2m account for nine points of that gain—the back of a 31 per cent sales improvement.

In the United Kingdom where a 20 per cent sales gain owed little to volume the group has managed to push margins up 14 points to 8.4 per cent, but elsewhere in Europe the improvement has been a full four points to 10 per cent.

North America, where margins are fairly inflexible as a result of the preponderance of food lies performed strongly with volume sales increasing significantly, helped by new lines particularly in potato products.

Elsewhere, consumer confidence continues to improve in Australasia and Asia where profits climbed 35 per cent to £12.84m and Latin America where profits leapt 72 per cent to £4.2m. Africa proved the weakest spot with profits rising 10 per cent in poor trading conditions.

The absence of exchange gains in the current year should in itself ensure that Reckitt's growth is much more modest next year. But there are also signs that the group's market share could be particularly sluggish in the first half.

The group has brought its September acquisition Winsor & Newton into a newly-formed leisure division together with Reeves Dryad and results so far have been encouraging.

Of much more significance in later years however could be the pharmaceuticals division and the success of two new prescription products currently on clinical trials. Reckitt prefers to keep these low-key until official clearance is given but it is widely thought that the group has a potential world-beater on its hands in the form of a new analgesic.

Down 5p to 375p in yesterday's defensive stock market the shares look solidly supported by a p/e of just over 8 despite the fact that growth this year could be limited to little more than a tenth, though a yield of under 4 per cent is hardly enticing.

**Final: 1976 (1975)**  
Capitalization £230m  
Sales £484m (£369m)  
Pre-tax profits £55.63m (£35.42m)  
Earnings per share 46.2p (37p)  
Dividend gross 14.62p (13.27p)

London Institute withdrew its sponsorship in 1970 the organization has limped along on voluntary donations alone.

**Trouble in store**  
Italian shopkeepers and restaurant owners have had enough. If you have a business, they complain, you live in daily terror of armed robbers and smash and grab raids.

If it is not the protection racketeers wanting more money and threatening reprisals it is vandals or urban guerrillas from the latest student extremist movement smashing your windows and ransacking your premises.

A new variation in the daily crime problem is "proletarian shopping" in which extremist

youths wreck your store, rough up your shop assistants and make off with your capitalist stock in the name of social justice.

In Milan the number of hold-ups, raids and cases of vandalism have tripled in the past three years.

Restaurant owners report a 40 per cent drop in custom over the past 12 months and fear of hanging gutters and

The Chancellor has an impossible set of tax sums to solve today. Oliver Stanley asks:

## Will Mr Healey's Indian rope trick convince us?

The Chancellor of the Exchequer has this year had a huge volume of parallel advice proffered from all sides. He has been told what to do "today" and "tomorrow" in the range of £1,500m to £3,500m to compensate for inflation and pay restraint; to restore incentives, help the lower paid, higher paid and middle income groups; and get in line with other European countries, as a step towards controlled inflation.

Above all—because last year personal tax reliefs were the basis of the wage restraint deal Mr Healey was able to do with the unions, from which the rest of us, as an accidental by-product, benefited—would he please repeat his 1976 conjuring trick this year?

Mr Healey has already said that the level of income tax is doing real damage to our economy. He has said that it is helpful that disparate pressures to reduce it are pushing him in the same direction. But the crux of his problem—how to sell wage restraint by dangling meaningful tax reliefs—has not been tackled in any representations from pressure groups.

Each year, the Budget demagogue presents the Chancellor with less and less room for positive action, and 1977 is no exception. Mr Healey has been given an impossible set of tax sums to solve and that his task is largely of his own making is poor consolation for him and the rest of the country.

It is inflation, "the tax which never has to be passed by Parliament," which has done the damage. Mr Healey's failure has been persistently to neglect fiscal drag, the impact of in-

flation upon income tax, which has got quite out of control, in terms of retrieval cost.

Where a rate scale rises in successive slices, the effect of fiscal drag is to force taxpayers to pay more although their real value incomes remain constant, or even diminish as in recent years. Since inflation accelerated, we have badly needed some form of income tax indexation, and the longer this is delayed the more difficult it will be to produce one to control fiscal drag.

Precisely what form is for discussion, but it is convenient to label the indexation process "revalorization"—the adjustment of rates and reliefs to reflect depreciation of the value of money.

The first significant point in the rate scale requiring treatment is the entry threshold, dependent upon personal reliefs for single, married and other qualifying individuals. So, for example, the aged, the enormity of threshold revalorization was revealed in a reply to a pointed question by the Shadow Chancellor, Sir Geoffrey Howe, in the House last week: merely to counter threshold fiscal drag since 1973 would cost £3,500m.

This covers only single, married and age reliefs, and does not account of increased thresholds for taxpayers with children, dependent relatives or housekeepers, who enjoy additional reliefs needing corresponding revalorization. For example, the dependent relative relief of £100 is now so derisory as not to justify its administrative cost.

Other calculations produce equally big answers. The cost of reducing the basic rate of income tax to 30 per cent, £425m, so to restore the 1973-74

30 per cent rate would cost a mere £2,100m.

To revalorize thresholds, and higher rate tax bands, and restore the 30 per cent rate would cost over £5,000m—an impossible amount, bearing in mind IMF commitments.

Yet if his income freeze is to hold, Mr Healey must offer significant increases in take-home pay, and this is why the sums look so insoluble. Threshold revalorization costing £3,500m would increase basic rate pay packets by only £2.75 per week, not a dramatically large bargaining counter, at the price of so massive a sum.

There must be a better distribution of the handout—but what? The cost of revalorization of the higher rate bands which rise to 98 per cent, has been pitched at a much more manageable figure—about £640m, although this assumes that revalorization of personal reliefs had already taken place. So if he chose, the Chancellor could quite readily respond to the Confederation of British Industry's impassioned pleas to improve middle management incentives, assuming he has the political manoeuvrability to do so.

The TUC would prefer a reduced rate band relief, say, the first £500 at 25 per cent instead of 30 per cent, an extra £1 per week in take home pay packets, again not impressive in individual terms.

A very different alternative would be revalorization of the higher rate scale threshold on a 1973 basis, lifting it from £5,000 to £9,100, at a cost of a mere £480m. There is the Irish 1977 precedent to cite, but even so that would be an act of great political courage.

If Mr Healey fails this test,

he will, of course, be storing up further problems for his successors in future years. Such is the current buoyancy of income tax that in 1975-76 there were four times as many higher rate payers as in 1973. And so it will go on, until the massive yield from the higher rates makes revalorization of them equally impossible.

The same principle applies as between direct and indirect taxation. The latter being progressive, not progressive, is relatively immune from fiscal drag. Income tax alone now yields 53.4 per cent of the overall national revenue and, if you throw in corporation tax and some smaller items, direct taxation yields double the amount from indirect taxes—that is, VAT and customs and excise duty on beer and cigarettes.

In Britain, VAT represents 19.5 per cent of taxes on income and wealth. Some comparative figures are France, 12.1 per cent; Germany, 41 per cent; Italy, 80 per cent; and Belgium, 47 per cent. At the time of last winter's mini-Budget, Mr Healey had a golden opportunity to move back into balance, by increasing VAT to 10 per cent, and it is hard to see him not doing so next week. Not that the VAT increase is itself rewarding, but at least it has the scope for direct tax cuts.

Mr Healey has repeatedly failed to meet the challenge of fiscal drag while paying lip service to the principle involved. He has preferred to increase direct taxes, justifying the increase with cheap political points about soaking the rich and making pips squeak. This year he has his first reward.

What may be the devious is that it is still so much less costly to revalorize top rates

than basic rates or reliefs. The maximum rate could be reduced to 50 per cent at a total cost of only £415m.

The number of taxpayers liable in excess of 60 per cent, excluding investment income surcharge is still only 180,000. This is where, from the standpoint of executive incentives, handouts would be most valuable. The manager in the £5,000 to £10,000 bracket has been hardest squeezed.

But star is not what Mr Healey can dish up to the TUC as the price of a wages deal, and it therefore follows that expressly quantified tax reliefs as a key ingredient in an overall pay bargain are less likely. Mr Healey needs instead a mechanism for concealing the reductions he can comfortably make in the upper brackets, while emphasizing those so expensive to make lower down. That will require a great burst of ingenuity.

Unhappily, Mr Healey has repeatedly closed out his available options before coming to the Budget bargaining table. That, indeed, is now his fiscal gap.

His past failure to revalorize reliefs, his unwillingness to make even the smallest swing last winter from direct to indirect tax, his adoption of an anomalous child benefit scheme, in advance of his Budget judgment, and his gratuitous and irrelevant pursuit of middle management fringe benefits all now combine to put him in a weak negotiating position.

In consequence, he is being pressed to perform an income tax Indian rope trick and if he can achieve anything useful today with the odds stacked against him it will be a feat deserving real applause.

Frank Vogl

## Coping with huge borrowing demands in the US

Predicting developments in American credit markets is a more hazardous and complicated task than trying to juggle a dozen balls in the air at the same time. This is particularly the case now that total private and public demand for funds is likely to be \$300,000m this year.

It is therefore surprising that there are large similarities in so many of the recently published forecasts. The uniform nature of most of the predictions was highlighted recently at a Conference Board meeting in New York on the financial outlook.

Most experts agree with the view recently expressed by both Mr Michael Blumenthal, the Secretary of the Treasury, and Dr Arthur Burns, the Chairman of the Federal Reserve System, that the markets should be able to cope without undue strain with the huge borrowing demands that are likely.

Almost everyone, it seems, agrees with the assertion made by Mr William Ford, of the Wells Fargo Bank, that "a crowding-out" of private credit needs flowing from the fiscal and monetary stimulus currently being applied to the economy. At least not during the next few quarters.

This year, according to Mr Donald Woolley, chief economist at Bankers Trust, all of the principal credit markets of the economy are seen as expanding and thus tighter market conditions are likely to prevail. There are already signs of strengthening demand for new housing and Bankers Trust is now predicting, for example, that mortgage credit will rise by some \$15,500m this year to about \$95,000m.

Mr Eugene Sherman, of Merrill Lynch, takes the view that consumer confidence is likely to strengthen, particularly in the latter half of the year, and that the volume of new municipal bonds floated

effect, so that demand for personal credit to finance such things as furniture, home appliances and new cars is likely to move ahead strongly.

Total new borrowing by the United States Treasury from the public and foreign markets is expected to be about \$65,000m and just how it will raise this volume is one of the fascinating questions about this year's capital market. The Treasury has sought to lengthen the maturities of its outstanding debt, but this year it may well have to offer more bills, rather than notes and bonds than it did last year.

Some of the Treasury's funds will undoubtedly come once again from abroad, notably from the surpluses of major oil producing countries. However, it is likely that the Treasury will have to rely on individual American purchasers of its securities rather more than was the case in 1976, when the banks were heavy buyers of Treasury issues, owing partly to the weakness of business loan demand.

"Banks are in business to make loans, not buy government paper," Mr Woolley says and he, along with many other experts, believes that the basis will be adding on a fairly small amount in 1977 to their holdings of public sector issued securities. To win individual investors the Treasury and other public sector borrowers may be forced to raise yields somewhat.

Many state and local governments have improved their overall financial position in the past year and may now expect higher revenue income as a result of the general upswing in the economy. There could also be a move to municipal borrowing if New York City fails to deal adequately with its continuing financial problems.

Altogether there is a reasonable prospect, according to the experts, that the volume of new municipal bonds floated

is unlikely to reach the record \$23,000m total seen last year.

The most confusing aspect of the capital market picture centres on business loan demand. Many businessmen are worried about the general economic outlook and, having been badly bruised by the recession, are still not very confident, and they may well decide to postpone fixed capital investment programmes further.

Most forecasts are based on numerous surveys of business investment intentions, but these proved unreliable last year. Bankers, economists and corporate executives seem to agree that business fixed investment expenditure will rise by about 13 to 15 per cent in current dollar terms this year.

The success of many companies in improving their

balance sheets over the last year may lead to some decline in total corporate bond flotations. Banks and financial corporations may also cut their long-term debt raising activities.

Many experts agree with the prediction by Bankers Trust that net new bond offerings may be about \$4,500m below the 1976 level at \$30,500m.

Many companies have waited for an improved stock market to raise new equity and the widespread predictions early this year of a healthy equity market may see some increase in net new share issues above the \$11,500m level of 1976. The weakness of the share markets so far this year, which has surprised many economists, may lead companies to postpone new equity issues further and developments in share prices in the

next few months will be critical in this regard.

The comparatively attractive interest rate levels in the United States, despite some prospect of a general increase in rates, may well tempt many foreign organizations to try to tap the United States credit markets once again. Estimating the size of foreign borrowing is almost impossible, but few experts would be surprised if the volume of foreign bonds floated was close to the record \$8,500m last year.

Almost everyone in the credit markets, except for the federal government's experts, predict some increase in United States interest rates this year. Few are suggesting that the increase is likely to be significant, but most believe that credit market conditions are likely to grow tighter as the year progresses.

## Willis Faber Limited

### Summary of Results

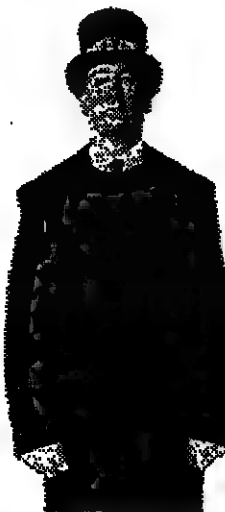
	Year ended 31st December	1976 £'000	1975 £'000
Profit before Taxation		16,324	10,151
Taxation		8,688	5,115
Profit after Taxation		7,631	5,036
Dividends		2,563	951
Earnings per Ordinary Share		18.83p	12.34p

The Chairman, Mr. Julian Faber, comments:

The profit before taxation of £16.32 million compares with £15.25 million forecast at the time of the introduction of the Company's shares to The Stock Exchange. In view of this higher profit the Board has decided to recommend the payment of a final dividend of 5p per share instead of 4.5p indicated at that time.

In 1976 the insurance broking subsidiaries of the Company handled gross premiums of approximately £650 million compared with an equivalent figure of £520 million in 1975.

The increased profit is largely due to the inflow of additional business to London, appreciation of foreign currencies and substantially improved results from associated companies.



## Willis Faber Limited

54 Leadenhall Street, London EC3P 3AX.

## Business Diary: Crown Agents' Brown • Split VOTE

John Brown, who, as vice-chairman and managing director of Axtens Properties fought an impressive rearguard action against Sun Life Assurance last year, forcing the insurer to increase its initial £41m bid to an eventually successful £50.5m offer, is to become property consultant to the Crown Agents.

The appointment, first mooted in this column late last year and to be announced today, will take effect from April 8.

When he moves to the agents' Mithbank offices Brown will take much of the burden of dealing with the agents' £200m Australian property portfolio from the shoulders of the agent's managing director, Sidney Eburne, and he will be working closely with the recently appointed local manager of the properties there, Frank Alcock, headhunted from the Australian offices of estate agents Richard Ellis.

**Votaries**  
Britain is to field her smallest team for 15 years in this year's Skills Olympics or International Apprentices' Competition, to be held at the Royal Dutch Industries Fair, Utrecht in July.

Apprentices will be entered for only 15 of the 32 categories, which range from fitting upholsters to hairdressing. There were 20 entrants the last time the competition was held, in Madrid in 1975. It is the smallest turnout since 1957, the third year of the competition.

Last time out, British apprentices won a gold medal for stone-cutting, a bronze for in-

dustrial wiring and an honourable mention for wiring.

This year, however, the British organizers say they are hampered by shortage of money or lack of appropriate national competitions to select an entrant.

The fields in which Britain would otherwise have competed are engineering drawing, sheet metalwork, radio and television servicing, home wiring and cabinet making.

There will, however, be a British entrant in a new trial category suggested by the Americans, car servicing.

In Britain, the organizing body for the competition is the Society for the Promotion of Vocational Training and Education (VOTE).

Bill Norris, VOTE secretary and principal of South Bristol Technical College, told Business Diary's Ross Davies yesterday that cash problems also mean there is no immediate prospect of the competition being held in the United Kingdom.

The only time we have played host was in 1963 (Glasgow). Last year's competition, scheduled for Dublin, was cancelled because of the Irish economic situation. South Korea is keen to be host in 1978.

Politics, Norris says, do not play as large a part in apprenticeship as in sporting Olympics, but issues of national pride are involved.

The Spanish, the Japanese and the South Koreans, for example, back their entrants who in return win an inordinately large number of prizes.

VOTE, however, does not receive government help, and since the City and Guilds of



Photograph by John Manning

London Institute withdrew its sponsorship in 1970 the organization has limped along on voluntary donations alone.

**Trouble in store**  
Italian shopkeepers and restaurant owners have had enough. If you have a business, they complain, you live in daily terror of armed robbers and smash and grab raids.

If it is not the protection racketeers wanting more money and threatening reprisals it is vandals or urban guerrillas from the latest student extremist movement smashing your windows and ransacking your premises.

A new variation in the daily crime problem is "proletarian shopping" in which extremist

youths wreck your store, rough up your shop assistants and make off with your capitalist stock in the name of social justice.

In Milan the number of hold-ups, raids and cases of vandalism have tripled in the past three years.

Restaurant owners report a 40 per cent drop in custom over the past 12 months and fear of hanging gutters and

A woman who seems to be on her way in the man's world is banking in Morgan Campbell (left, yesterday) who on April 1 becomes a vice-president at the London office of Morgan Guaranty. She succeeds David Fisher, who is returning to head office. New York to run south-eastern United States business.

Ms Campbell, who will be responsible for a wide range of consumer industries business, joined the bank six and a half years ago from Manchester Business School and Cambridge. There is already one woman vice-president in the London office, Mary Gibbons, and another, Lucille de Baudrey d'Assom in Paris.

A vice-president in an American bank is the equivalent of a banking director in a British merchant bank.

London Institute withdrew its sponsorship in 1970 the organization has limped along on voluntary donations alone.

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# Europa

## Benn plea for guidelines on energy policy

Erskine May's *Treatise on The Law Privileges, Proceedings and Usage of Parliament* is a long, 1,156 page book that is rarely seen outside the confines of the Houses of Parliament. It is often seemingly incomprehensible pages lay down in minute detail British parliamentary procedures.

Mr. Anthony Wedgwood Benn, the Secretary of State for Energy and chairman of the European Energy Ministers Council, is a great admirer of this little-known work. "Long after the statutes are repealed and the manifestos are yellowing in the public library, a footnote in Erskine May will really matter because it helps us deal with all problems. Methods are more important than individual decisions", he says.

During his six months at the head of the energy council Mr. Benn is aiming at producing the European equivalent of Erskine May—a set of procedures for discussing and formulating policy that he hopes will enable the Community to dig itself out of the administrative morass into which it has fallen on this subject.

Of course Mr. Benn would like to

see a resolving of the long-standing wrangle over a \$7 minimum support price for oil and the question of \$300m worth of EEC-backed loans for the nuclear industry during his chairmanship. But he feels that correct procedures and attitudes towards policy making at all levels could have prevented impasses of this sort.

Mr. Benn is the only specialist energy minister in the EEC. All his colleagues on the ministerial council have at least one, or sometimes several, other responsibilities.

Instead of an opening session at which ministers starkly stated their mandated positions, he wanted a more informal atmosphere with a general discussion on national attitudes on the questions on the agenda. Mr. Benn feels that a level of informality is important particularly in an opening session, and this should be extended so that ministers can develop personal contacts, not only at council meetings. Formalities not only at council meetings.

The meeting would have ended with a session on energy conservation that was open to the press and members of the European Parliament.

Obviously fairly radical changes in the procedures for the energy ministers could have repercussions for other parts of the Community machinery. Into this category comes Mr. Benn's desire for a written record of the council's deliberations.

Much of Mr. Benn's thinking on energy policy stems from his enthusiasm for open government. "There is nothing particularly secret about energy", he says.

But behind everything is Mr. Benn's concern about the role of the ministers themselves. Politicians must play a greater role in decision-making and in doing so bring a greater degree of reality into policies.

While the politicians can agree that they should play a greater role in policy making, they cannot ignore the powerful body of civil servants in the Community. Mr. Benn feels that ministers should give clear guidelines on the kind of policies that are needed for the Nine and not merely call on them for help when ministerial discussions run into difficulties.

Roger Vielvoys

## FINANCIAL NEWS

### Second-leg hope at Clayton Dewandre is dashed

Hopes of a late upturn at Clayton Dewandre Holdings, the manufacturer of power braking systems for commercial vehicles, in the final stage to December 31 failed to materialise. It ended 1976 down from £2.8m pre-tax to £2.57m, though its share of the Indian associated company brought in £124,000 more at £496,000.

After six months' profits inched ahead from £1.57m to £1.53m in a period of short time working in time of recession. The board then reported that the predicted

### Whitehouse minority left in the dark

By Ashley Druker

Minority shareholders in George Whitehouse (Engineering) find themselves without advice from the board which has now received the formal offer from Midland Northern Trust. The bid is for the remaining 1.52m shares at 75p each.

MNT already owns 51 per cent and plans to maintain the Whitehouse listing. When the result of the offer is known arrangements may be made for shares to be placed.

Mr. A. J. Cross, chairman and chief executive of Whitehouse, says that Mr. Norman Whitehouse, a director, disassociates himself from the offer document. Mr. Whitehouse does not consider the offer fair. He is excluded from the discussions as are Mr. Cross himself and Mr. E. H. King, another director, who are also directors of MNT.

The other directors of Whitehouse, Messrs L. Coley, T. F. Oakes and N. C. Pearce, have taken independent advice from Deloitte, auditors of Whitehouse. They do not feel they can recommend any particular course of action to members and suggest they take professional advice.

Mr. Cross in the document again refers to Mr. Whitehouse on the termination of his contract. Mr. Whitehouse ceased to be joint chief executive on February 15. Since then negotiations have taken place between the company and Mr. Whitehouse's legal advisers. It has been agreed that the company will make Mr. Whitehouse a bona fide payment by way of damages for £20,000 for premature termination of his service agreement.

Earlier this month MNT announced it had bought from Mr. Whitehouse and his wife about 76,000 shares, some 25.3 per cent at 75p each. Before this MNT and associates held 908,000 shares in Whitehouse.

### Law team gathers evidence

The Insolvency Law Committee has invited interested parties to submit their opinions on the review it is conducting of insolvency law. This committee, under the chairmanship of Mr. Kenneth Cork, was appointed last October to review the law on insolvency, bankruptcy, liquidation and receivership and to consider what reforms were needed to bring the law into line with modern practice.

In addition, it is examining

### CHI wins Beaver bid as Guinness struggles on

Guinness has taken another bite out of the minority shareholders at White Child & Boney and now holds 66.83 per cent.

At the same time, C.H. Industrial has inched to victory in another hotly-contested bid. Its £12m offer for Beaver Group has gone unconditional after acceptance on 933,000 ordinary shares which give it control of 50.4 per cent of the ordinary shares, 31.7 per cent of the first preference, 71.4 per cent of the second, and 75.2 per cent of the "M" shares.

Guinness, which won control of White Child & Boney, a plastics and containers group in mid-February when its stake reached 52.2 per cent—is still hammering away.

# Now, London to Cape Town non-stop.

Beginning April 2nd on Saturdays at 20.15, is SAA's flight to Cape Town. It's the only non-stop to Cape Town.

Flying the route are the new Special Performance 747 jumbos unique to the run. So from April 2nd SAA flies eight times a week out of Heathrow including the fastest flight to Jo'burg.

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Peter Street, Manchester. 061-824 4438.

### DUFAY BITUMASTIC LTD.

GROUP PRELIMINARY STATEMENT

Audited results of the Group for the year ended 31st December, 1976. The comparative figures for 1975 have been restated so as to reflect the adoption by the Group of a new accounting standard governing the valuation of stock and work in progress.

	1976	1975
12 months to	31.12.76	31.12.75
Sales	£900	£900
Profit before taxation	9,949	9,181
Taxation	712	1,070
Less: Pre-acquisition profit after taxation (Barford Chemicals Limited)	305	505
Profit after taxation	407	565
Extraordinary item	—	—
Dividends	454	465
Interim 0.7p paid (1975: 0.5p)	65	46
Final 0.8125p proposed (1975: 0.875p)	75	81
Profit retained	140	127
Earnings per share based on profit after taxation shown above	314	438
	4.4p	6.1p

The Board recommends a final dividend of 0.8125p per share, making a total for 1976 of 1.5125p (1.375p for 1975). If approved the final dividend will be paid on 16th May, 1977 to members on the Register on 15th April, 1977. The Board expects at least to maintain the rate of dividend for the current year.

In view of the many difficulties encountered in the course of 1976 the results achieved are considered not unsatisfactory. Sales for the year increased by 8.4%. Margins were, however, eroded to some extent by cost inflation, the full effect of which for various reasons, including price control, could not be passed on in our selling prices.

In the Annual Report the Chairman states that he is quietly confident that, given reasonable trading conditions, the Group will make progress in the current year.

Copies of the full report and accounts will be obtainable from: The Secretary, Dufay Bitumastic Ltd., Darlington Road, Shildon, Co. Durham DL4 2QR.

### Monopoly inquiry deterrent to Sketchley in Johnson follow-up

Faced with the hurdle of the reference to the Monopolies Commission announced last week, dry-cleaning group Sketchley has shied off its approach to Johnson Group Cleaners.

A statement from Sketchley said that after consideration it had decided that irrespective of the outcome of the monopoly investigation, "it is incompatible with the best interests" of the group to accept the "period of uncertainty implicit in such investigation".

Accordingly, Sketchley has notified the Commission that it does not intend to pursue its proposed acquisition of Johnson Group.

Sketchley says that it was influenced by its expansion plans in industrial workwear, where additional factory capacity is required. There were two alternatives. Either it could obtain this capacity independently or get it through Johnson Group.

In the event, it was not considered feasible to postpone a policy decision. Sketchley would therefore be taking immediate steps to obtain further factory space.

### Dufay 'at least' to pay same

Up went the sales of surface coatings group Dufay Bitumastic by 8.4 per cent to £9.94m last year, and down went pre-tax profits by 33.45 per cent to £212,000.

The board says that 1976's figures have been restated to reflect a new accounting standard. Raising the total gross payment from 2.11p to 2.32p, it expects "at least to maintain" the dividend this year. Costs nibbled at margins last year but the board is confident for this year, given reasonable conditions.

### Recovery to peak at Wolstenholme Bronze

A half time recovery blossomed into a record 1976 at Wolstenholme Bronze Powder. The second six months were better than expected and they brought in £697,000 of pre-tax profits. This was a jump of 94 per cent, taking them to a peak for the full year of £1.17m, a rise of 73 per cent. Turnover went up 56 per cent to £7.9m, so margins widened from 13.4 per cent to 14.7 per cent.

Earnings a share jumped from 13.3p to 23.7p and the dividend rises from 9.87p gross to 10.8p.

The board expects the group to do "reasonably well" this year.

The results reflect a new



Mr. Ian Fraser, chairman of Rolls-Royce Motors Holdings.

accounting practice which removed the distortion from swings in the price of copper.

### 'Vindication' for R-R policy

The policy of growth allied to financial stability at Rolls-Royce Motors Holdings is on the way to being vindicated, Mr. Ian Fraser, chairman, says in his annual statement. The company is now in a period of high investment, he adds. Some of the results could already be seen in that the company has been able to secure prices and delivery times which would have been impossible in a period when every other concern was expanding to the hilt.

The introduction of the Silver Shadow 11 in February has caused some delay in the car programme, but demand remains firm in all main markets.

### Rival bidder to Lyons for Gold Case Travel

A resolution requiring CCH Investments' shareholders' approval to the sale on March 31 of a 30 per cent holding in Gold Case Travel to J. Lyons and Co was withdrawn from an agenda yesterday.

Lyons had announced that an approach had been received from a "third party" which was interested in acquiring the Gold Case stake at a price higher than Lyons'. A further statement is planned by April 30.

### Coutts' extra provision

Profits of Coutts & Co., up from £102,000 to £470,000 after shares of Dunfermline and Edinburgh, were paid an additional £1.5m (against £3m) to bad debt provisions, were partly responsible for the rise in the bank's capital base from

for 1976 was £4.18m (£2.4m for the preceding nine months).

CHRISTOPHER MORAN  
Christopher Moran Group is buying Redgrave and Everington, Lloyd's underwriting agents, for £345,000.

EPICURE HOLDINGS  
Board intends that company should revert to dividend status and, in absence of unforeseen circumstances, a dividend should be paid this year. Last dividend was for year to June 30, 1974.

JUDGE INTERNATIONAL  
Sales for half-year to Dec 25 up from £4.1m to £5.19m. Pre-tax loss rose from £284,000 to £383,000. Board expects 1977 half-year results will be "satisfactory".

WILLIAMS & JAMES  
Turnover of Williams and James (Engineers) for 1976 up from £3.2m to £4.4m and pre-tax profits up from £359,000 to £384,000. Total gross dividend, 0.68p (0.61p). Substantial growth in exports should ensure material improvement in current year's results, board reports.

H. & J. HILL GROUP  
On turnover down from £2.26m to £1.96m, profits fell from £117,000 to £44,000 in 1976. Total gross payment cut from 2.72p to 2.52p.

XONICS LTD. LONDON DEBUT  
Shares of Xonics, a United States maker of advanced, low-dose X-ray system for breast disease, are now quoted on the London Stock Exchange.

LONROE-DUNFORD  
Acceptances of bid for ordinary shares of £200,000 (100,000 shares) received from 53.5 per cent of ordinary shares in respect of which made preference bid accepted for 56.5 per cent.

LDN & EUROPEAN GROUP  
Newbridge Holdings has acquired 883,675 shares in its own name, bringing its holding of Newbridge and subsidiary to 1.38m shares, or 14.95 per cent.

EXCELM HOLDINGS  
Pre-tax profit down from £68,000 to £58,000 after shares of Dunfermline and Edinburgh, were paid an additional £1.5m (against £3m) to bad debt provisions, were partly responsible for the rise in the bank's capital base from

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# freemans

Preliminary results  
for the year ended 29 January 1977

Year ended January	Turnover	Profit before tax
1973	£67m	£66m
1974	£83m	£76m
1975	£105m	£70m
1976 (53 weeks)	£137m	£82m
1977	£141m	£103m

# Profits top £10m

freemans

Copies of the Annual Report and Accounts, when published, will be available from the Company Secretary (01-735 7644).

Freemans (London SW9) Ltd. 139 Clapham Road London SW9 0HR

## The Edinburgh and Dundee Investment Company Limited

	1977	1976
Summary of Results for year to 31st January		
Total Net Assets at Market Value	164.7p	169.0p
Ordinary Stock Units:		
Asset Value	3.72p	2.98p
Earnings	3.72p	2.98p
Dividend	3.50p	2.80p
Geographical Distribution of Investments	%	%
Equities: United Kingdom	30.2	27.8
Japan	34.5	40.3
Europe	5.5	8.0
Australia	1.4	1.9
Other Countries	3.1	4.3
Total Equities	74.4	84.8
Fixed Interest Stocks	13.8	12.5
Deposits less Current Liabilities	7.8	2.7

Summary of Statement by the Chairman, Mr. Hugh McMichael.

- Earnings per share rose by 25% and the Board recommends a similar increase in dividend from 2.80p to 3.50p.
- The fall of 2.5% in the asset value compares with a fall of 3.5% in the F.T. Actuaries Index and a fall of 7.9% in the Standard & Poor's Index after adjusting for currency and premium movements.
- In the U.K., the rate of inflation is again increasing, industrial production figures continue to disappoint, and unemployment remains high. North Sea oil will benefit the balance of payments but its effect on the economy in general will depend very much on Government policy. We continue to believe that the United States is currently the most attractive country for equity investment.

- Present estimates suggest that earnings per share will be modestly up in the current year but if money was moved from Government securities into equities the earnings outlook would become less favourable. Our aim continues to be the growth of income and capital without undue emphasis on either.
- Over the past year or so, critical attention has been directed to investment trust companies because of the large discounts at which they are quoted in relation to asset values. The prices of investment trust company shares, as of everything in which there is a true market, reflect the balance of supply and demand. Recently supply has exceeded demand. Discounts have, however, narrowed somewhat from the peaks in October and may continue to do so as the merits of well managed investment trust companies are given renewed consideration.

Copies of the Annual Report may be obtained from:

Baillie, Gifford & Co.

3 Glenfinlas Street, Edinburgh, EH3 6YY.



## FINANCIAL NEWS AND MARKET REPORTS

## Stock markets

## Insurances lead way down but tone better after hours

As usual at this time of year, demand for stock was almost totally wiped out by thoughts of what Mr Denis Healey's speech might contain today.

For much of the session prices weakened and throughout jobbers were taking on stock in unwanted positions. For the leaders especially, prices were dominated by nerves rather than any volume of stock coming out.

Next month will bring the 1976 figures from Clarke Chapman. These will be a record after the interim rise in profits from £3.59m to £3.9m. The full year profits should have been around £7.8m and £7.5m and gross maximum dividend of 7½ would compare with a share price of 69p. Clarke is thought to have lots of work to do outside the CBGB, but if it goes ahead with another power station, Clarke's shares would respond quickly.

The day started on a weak note and, at its worst, the FT Index was 7.5 points down at 410.6, before hardening a point at the close to 411.6.

After-hours trading on the first day of this new account was a little brighter and a dealer reported: "We're

definitely a penny off the bottom."

Hopes of cheaper money and expectations of a continuation of the current price code were the principal morale-boosting factors, although many brokers were taking advantage of the day's inactivity and heading home early to avoid the next expected snow shower.

So the leaders fared badly in a very thin market. ICI were 10p off by the close at 350p and Unilever, Beecham and Glaxo were down by a like amount at 438p, 432p and 475p respectively. Tate & Lyle, which unveiled its refinery rationalization plans yesterday fell 6p to 264p and after very much as expected results Reckitt & Colman sank 5p to 375p.

But many of the worst falls were concentrated on the insurance pitch. General Accident slumped 7p to 180p, Sun Alliance came off 13p to 430p, while Royal Insurance were marked down by 12p to 375p.

Curiously, the newly-quoted insurance broker Willis Faber was among the principal falls and the shares dipped 10p to 237p despite a batch of better-

than-forecast results. Sentiment inevitably dragged Willis down in line with the composites although insurance brokers are immune from risk and the premiums on which they earn commissions will inevitably rise as a result of the disaster.

For gifts, it was very much a wait-and-see day. In both longs and shorts, the market opened slightly easier and never really got into its stride thereafter.

Selling was small at the short

end of the market but a round of cheap buying later in the session offered scant support. Prices were off by between 3/16 and 1/2 by the close and longs, which were similarly hesitant and formless, suffered falls of around 1.

It was also difficult to give much shape to the day's trading in second-line equities and, as so often recently, the session was noticeable only for interest in company results and bid speculation.

## Latest dividends

Company (and par value)	Ord. div.	Year ago	Pay date	Year total	Prev. year total
Barratt Developments (10p) Int	2.4	1.82	17/5	8.00	6.54
Black & Edgington (50p) Fin	4.50	2.87	—	—	—
Blackwood (Canada) Fin	25	20	—	—	—
Brent Chemicals (10p) Fin	1.58	1.17	27/5	2.33	1.80
Clayton Dewar (25p) Fin	4.08	4.01	8/5	5.98	5.43
Dalrymple (10p) Fin	0.81	0.87	16/5	1.51	1.37
Jas Fisher Fin	1.28	1.2	31/5	2.48	2.48
Freemans (London) (25p) Fin	3.12	2.83	—	5.37	4.83
Moran Tea (10p) Int	5	3	25/5	—	—
A. & J. Mowlem (25p) Int	3	3	1/5	—	—
Oliver Group (20p) Fin	1.83	1.83	—	3.16	2.88
Paterson, Zochonis (10p) Int	2.24	2.24	—	3.08	3.08
Pifco Holdings (20p) Int	0.76	0.69	2/5	2.41	2.41
H. & J. Quick (50p) Fin	0.52	0.52	27/5	1.03	0.93
Reckitt & Colman (50p) Fin	5.33	4.85	17/5	9.5	8.8
Willis Faber Fin	4.5	4.5	27/5	4.5	4.5
Wolstenholme Bros (25p) Int	3.66	3.66	—	7.06	6.41

Dividends in this table are shown net of tax on dividend per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.54. \* Forecast. † Cents per share.

Paterson, Zochonis, the West African merchant group, was a bright exception. The latest to go through what has been dubbed the "Inchcape gap" the shares rose 25p to 225p and the "A" climbed 30p to the same level on prospects of breaking dividend restraint.

Ladbroke dropped out of the takeover stakes, after a lively contest last week, and the shares slipped 6p to 110p. But the William Press rumours just will not evaporate. They were off 2p on the day at 56p, but had recovered from an earlier level of 53p.

Reynard Smiley was a strong market climber, 8p to 153p on renewed bid hopes, while Peachey Property struggled to its feet after last week's savage bear raid and edged 11p forward to 30p ahead of the results which are due tomorrow.

The rest of the sector was narrowly mixed.

Better-than-expected profits from Freemans (SW9), pulled the shares up by 14p to 194p and the two other specialist mail-order firms, Empire Stores and Grattan Warehouses, climbed 4p and 3p to 102p and 99p respectively.

The South African Budget was also quite a dampener on

gold shares as was the renewed fear of American bullion sales. Among the hardest hit were Kioof, down 20p at 350p, Bracken off 12p at 74p and Welkom which lost 13p at 182p.

Nottingham Manufacturing is attracting attention on two counts now. One is the traditional strength of its cash resources, and the other is the impression that profits this year will grow from 1976's £11.3m to around £13.5m. The 1976 profits were well ahead of market hopes, and textiles are slowly but surely improving. The shares are 82p.

BP dipped 30p to 784p ex dividend, still affected by Wall Street influences, while Shell Transport dropped 14p to 474p. Equity turnover on March 25 was £80.13m (18,458 bargains). According to Exchange Telegraph, active stocks yesterday were ICI, Wm Press, Ladbroke, Shell Transport, BP, EMI, De La Rue, Park Farms, Paterson, Zochonis, Lucas Inds, Imperial Group, Marks & Spencer, Lonrho, GUS "A", Centre Hotels, General Accident, BTR, Peachey Props and Wilmut Breeden.

Barratt Developments Limited

INTERIM STATEMENT  
NATIONWIDE EXPANSION CONTINUES

Despite the severe economic climate currently affecting the house building industry, the Barratt Group reports an increase of 30% in the number of houses built over the half year to 31st December 1976 over the corresponding period last year, making a total of 8,000 for the full year of 1976. This is the fourth consecutive year in which this rate of expansion has been achieved. Margins have inevitably been under pressure with cost inflation and the incomes policy both taking their toll.

The following are the unaudited results of the Group

	Half year ended 31st December 1976	Half year ended 31st December 1975
Turnover	45,760	33,280
Net profit		
On trading, including rental income	3,636	4,234
On land sales	208	24
	3,844	4,258
Taxation	1,998	2,227
	1,846	2,031
Pre-acquisition profit	0	62
Profit attributable to Group	1,846	1,959
Interim dividend	646	492
	1,200	1,477

The strong forward sales position, supported by the excellent land bank, will enable the Group to take full advantage of the recent upturn in the private sector. Current housing activities extend over 260 developments throughout Britain.

The Group's involvement in both contracting and commercial development continues to make satisfactory progress; in particular future rental income will receive a substantial boost from two fully let major office developments in Scotland which will be completed this year. It is the intention to increase the dividend for the year by 10% to 2.14p net per share, being the maximum permitted by current legislation.

An interim dividend of 2.4p net per share has been declared this will be payable on 27th May 1977 to shareholders on the register at close of business on 26th April 1977.

28th March 1977 L. A. BARRATT Chairman

SCOTTISH AMICABLE

## LIFE ASSURANCE SOCIETY

NOTICE IS HEREBY GIVEN that the One Hundred and Fifty-first Annual General Meeting of the Members will be held at 150 St. Vincent Street, Glasgow, G2 5NQ on Wednesday, 13th April 1977 at 3.00 p.m.

By order of the Directors  
W. PROUDFOOT  
General Manager and Actuary

150 St. Vincent Street Glasgow G2 5NQ, 11th March 1977.

## Swire plans to float properties

With the aim of bringing its property interests to the Hong Kong Stock Exchange within the next three months, Swire Pacific is consolidating its property interests.

Swire Pacific is one of the largest trading groups in South East Asia. It has interests ranging from airlines, bottling, docks and laundries to television.

The Swire Properties offshoot is now discussing terms for the takeover of Swire Cheung Development, of which 46 per cent is directly owned by Swire Pacific, and which has its own quotation in Hong Kong.

The merger would be made by a share exchange of Swire Properties shares for the 49 per cent of Swire-Cheung's issued capital, not already held by Swire Properties.

Pending the outcome of the talks, Swire-Cheung has asked for its shares to be suspended. The possibility that the group would put its property together has been present for some time, but the decision has been taken as a result of the review of the property interests announced in January.

At present the property division's biggest asset is the development of Tak Kee Shing, a new city

## Borthwick's titbits for adamant NFU

By Ronald Pullen

Borthwick will today offer the NFU Development Trust, which is vigorously opposing its takeover approach to fellow meat trader FMC, various options including a deal that could give the Trust a 20 per cent stake in the combined company.

After further market purchases last week, the trust now controls just short of 48 per cent of FMC. So without the agreement of the Trust its takeover proposals will fail.

Acceptance of Borthwick's 25-for-16 share offer would give the Trust 15 per cent of the new company.

But as an extra inducement one of the possibilities Borthwick is now planning to propose is that the Trust should take some of the underwriting for the 125p cash alternative to its share offer which would raise the farmers' interest to 20 per cent.

The Trust will also be offered board representation on the new concern.

Borthwick will argue its case in its meeting with the board of the Trust today that a merger of the two groups will not result in "swift, unpopular changes" in the United Kingdom meat industry.

Borthwick's attempts to soothe FMC met with a curt

response yesterday from Mr Jack Clarifelt, FMC's chairman. He said that his board was still considering the bid, but that "so far we have not been convinced of the commercial logic" of the Borthwick proposal.

Meanwhile, Borthwick has continued with its small market operation. On Friday it bought a further 130,000 shares at between 11p and 11.5p, taking its FMC holding to just below 7 per cent.

Clarifying its obligations under rule 32 of the Takeover Code, Borthwick announced yesterday that only in the event of its revised offer which is conditional on FMC board agreement not being made will it be required to make a 133-for-100 share offer, equivalent to the highest price it has paid Borthwick, however, emphasised that the conditional offer was the only one being discussed with the NFU Trust at present.

## Margins up as Ofrex climbs 28 pc

Streamlining and rising productivity paid off for Ofrex Group last year. Turnover rose 18 per cent to £24.9m and pre-tax profits by 28 per cent to £2.1m. Margins widened from 8 per cent to 8.7 per cent. Earnings a share went up from 6.36p to 8.67p, and the dividend is 4.86p gross against 4.43p. The group would have done even better but for competition both at home and abroad, and climbing costs.

The first two months of 1977 "are the most promising that we have recorded for several years", Mr Drexler says. Virtually all divisions report record figures. Ofrex makes stationery, educational supplies, and equipment, besides fastenings and machinery.

## Brent Chemicals are hatching pay-out ploy

By Desmond Quigley

Brent Chemicals International, the specialist industrial chemicals group, is busy seeking ways further to increase its total dividend distribution, having got its pre-tax profits up by 47 per cent in 1976.

The total payment for the year has risen from 2.96p a share gross to 3.58p gross, or 21 per cent (39 per cent for shareholders who took up their full rights issue entitlement last year). Yesterday, as the FT index came off 6.5 points, the shares slipped 1p to 115p where the yield is a mere 3 per cent.

With the Treasury having blocked any larger increase in the dividend after the rights issue, the board is now considering other ways of raising it to provide shareholders with a better yield—which could involve another rights issue, or a GEC-type approach to the situation.

Sales for the year expanded by 41 per cent to £13.8m while the pre-tax profit increased from £1.08m to £1.59m. Earnings a share rose from an adjusted 8.7p to 12.1p where the share, at yesterday's closing price, were selling on an historic p/e ratio of 9.8.

The results include three months' net contributions from Savilles Hydrological, acquired last year. The company reports that even without SHC both sales and profits for Brent would have been up by at least 25 per cent on the preceding year.

As a result of the rights issue and the strong balance-sheet of SHC, Brent ended the year with a net cash surplus. The board is still placing emphasis on overseas business. It may before long start seeking work in the precious-metal-mining industry in South Africa and Australia.

## Eurobond prices (midday indicators)

Country	Par	Offer	Country	Par	Offer
Austria	100	100.00	France	100	100.00
Belgium	100	100.00	Germany	100	100.00
Denmark	100	100.00	Italy	100	100.00
Finland	100	100.00	Netherlands	100	100.00
France	100	100.00	Portugal	100	100.00
Germany	100	100.00	Spain	100	100.00
Greece	100	100.00	Sweden	100	100.00
Italy	100	100.00	Switzerland	100	100.00
Japan	100	100.00	UK	100	100.00
Netherlands	100	100.00	USA	100	100.00
Portugal	100	100.00			
Spain	100	100.00			
Sweden	100	100.00			
Switzerland	100	100.00			
UK	100	100.00			
USA	100	100.00			

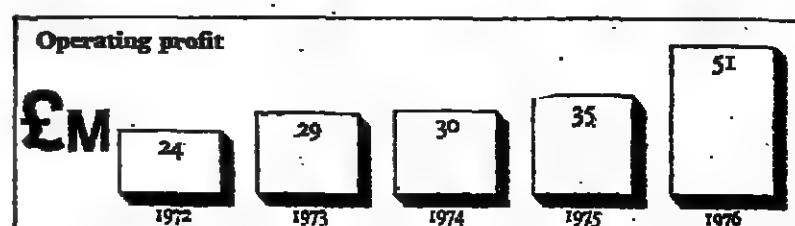
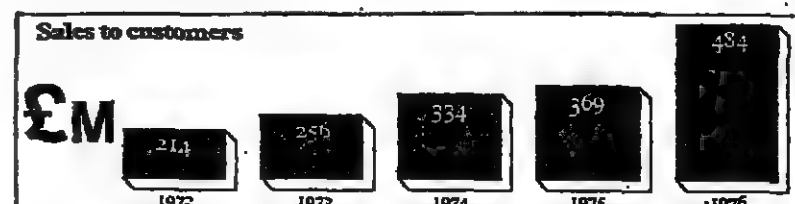
Operating profit up 48.2%  
Earnings per share up 71.1%

Sales increased by 31.1% to £48.25 million, while operating profit on these record sales rose by 48.2% to £14.43 million. Exchange differences for the year gave a benefit of £4.22 million compared with £0.71 million in 1975, and these are a factor in the percentage increase in earnings, which are shown below both before and after exchange differences. Earnings of the Group in 1976 were £28.11 million, an increase of 71.6%. In 1976 Reckitt & Colman made 77.0% of its sales overseas, and 82.1% of its operating profit from these sales. Exports from the United Kingdom were up by 41.4% to £27.14 million, and operating profit on these exports was £4.30 million. The company reduced further its total net borrowing by £1.26 million to £24.84 million.

This was achieved after applying £10.35 million to the acquisition of businesses, and £21.21 million in additions to fixed assets. A new pharmaceutical factory is due for completion in Hull by the end of 1977, and two new prescription products are being considered by the Committee on Safety of Medicines. A joint venture is being established in the USA to market these and other Reckitt & Colman pharmaceuticals. All areas of the world performed well, with outstanding progress in profit in Europe and Latin America, and good growth elsewhere, despite the poor economic climate in some important areas. Although in the UK operating profit on domestic sales showed a good recovery, profit margin was still below the average for the Group as a whole.

	1976	1975	% increase 1976 over 1975
Sales to customers	£48.25	£36.82	31.1
Trading profit	54.97	39.42	
Interest payable less other income	3.54	4.71	
Operating profit	51.43	34.71	48.2
Exchange differences	4.22	0.71	
Profit before tax	55.65	35.42	57.1
Tax on profit	24.41	16.60	
Profit after tax	31.24	18.82	
Attributable to minority interests	2.97	2.28	
Preference dividends	28.27	16.54	
Earnings attributable to ordinary shareholders	2.97	2.28	
Extraordinary items	28.11	16.38	71.6
Profit available for distribution	29.13	15.70	
Ordinary dividends	5.82	5.23	
Added to reserves	23.31	10.47	
Earnings per share:			
before exchange differences	39.6p	26.2p	51.1
after exchange differences	46.2p	27.0p	71.1

	1976		1975		1976 over 1975	
	£m	% of total	£m	% of total	£m	% of total
United Kingdom	23.72	49.2	21.52	58.4	2.20	10.2
Rest of world	24.53	50.8	15.30	41.6	9.23	60.2
UK domestic	11.19	23.2	9.32	25.3	1.87	20.1
Europe (excluding UK)	7.69	15.9	5.84	15.7	1.85	31.8
North America	11.45	23.8	8.24	22.4	3.21	39.1
Australia and Asia	9.86	20.4	6.64	18.0	3.22	48.6
Africa	4.36	9.0	3.68	9.9	0.68	18.2
Latin America	3.80	7.9	2.96	8.0	0.84	28.4
Corporate interest & expenses	48.25	100.0	36.82	100.0	11.43	31.1



The annual report and accounts will be posted to shareholders on Tuesday, 26 April 1977

Reckitt &amp; Colman

Reckitt & Colman Limited, PO Box 26, Burlington Lane, London W4 2RW

## Pittards Financial Results

	1975	1976	Increase %
Sales	£7,000	£7,000	—
Home	8,219	7,514	21.8
Export	4,141	7,322	76.8
	10,360	14,836	42.8

Profit before Taxation	1,013	1,760	74.0
Taxation	523	900	72.0
Profit after Taxation	490	860	75.0
Dividends (9.9275%)	165	182	10.0

Net earnings per share	6.7p	11.7p	75.0
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Investment in buildings, plant and machinery has exceeded £2.5m in the last three years. During this time, increased investment in stock and debtors was £3.0m. The rise in stock value was caused by the increased cost of materials and labour, whilst the increase in debtors was due in part to higher export sales where credit periods are extended. These investments have been financed by retained profits and by short term borrowing which still amounts to only approximately 25% of the Capital and Reserves.

The Chairman, Mr. C. J. Pittard, forecasts that "there is reason to believe that results for the current year will be equal to, or better than, 1976"

Copies of 1976 Accounts available on 14 April 1977 from:  
N. F. Wood, F.C.A., Pittard Group Limited, Sherborne Road,  
Yeovil BA21 5BA. Somerset Telephone: Yeovil 4321, Telex: 46147







# the teamworkers

## Taylor Woodrow

**§ Forward bargains are permitted on two previous days.**

[illegible]



















